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NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

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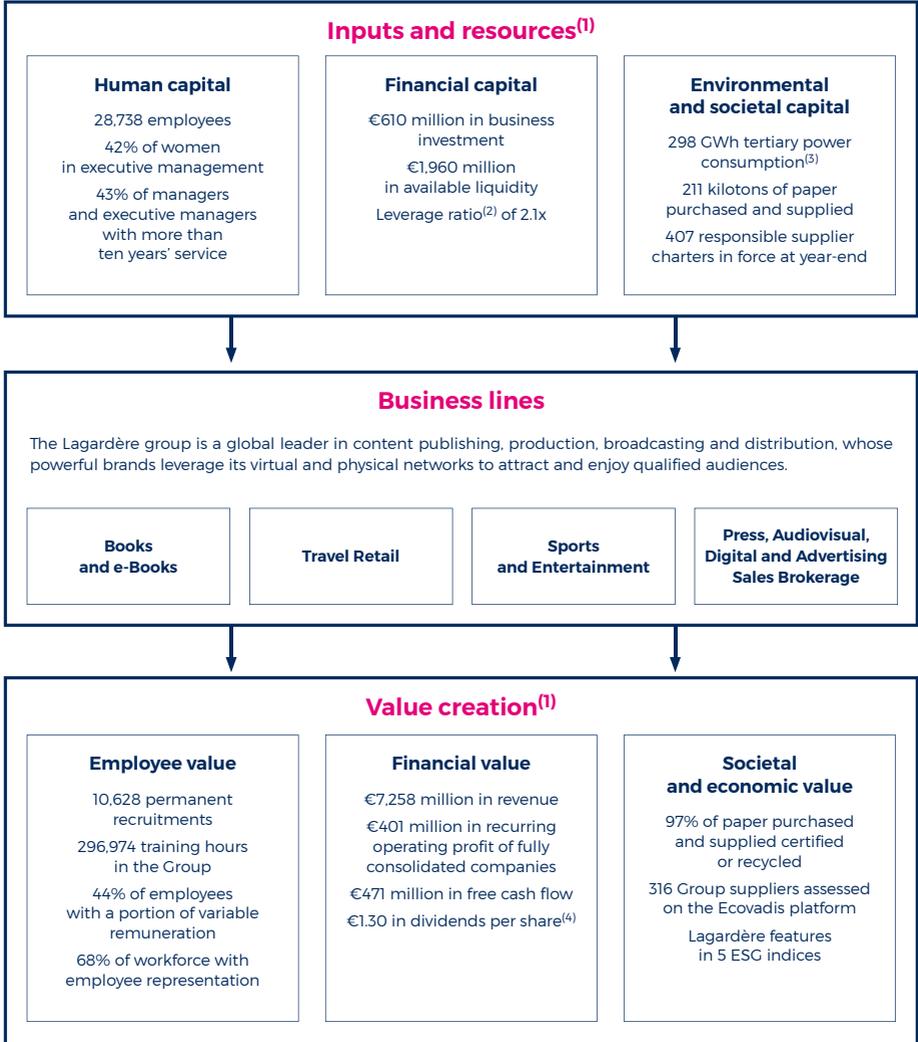
Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

4.1 THE LAGARDÈRE GROUP'S BUSINESS MODEL AFR

Section 1.4 of this Reference Document provides detailed information on the Group's strategy, businesses, business model, key figures, markets served, and more.

The Lagardère group's overarching objective is to develop the loyalty of its audiences and consumers worldwide through powerful brands that deliver content publishing, production, broadcasting and distribution. The key features of this integrated model of value creation are presented in the diagram below.

A sustainable value creation model



(1) Data at 31 December 2018.
 (2) Leverage ratio: Net debt/recurring EBITDA.
 (3) Oil, gas, electricity and district heating.
 (4) Dividend submitted for approval to the General Meeting to be held on 10 May 2019.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

Workforce by geographic area at 31 December 2018● **FRANCE**

Lagardère Publishing	2,403
Lagardère Travel Retail	4,394
Lagardère Sports and Entertainment	470
Lagardère Active	1,556
Other activities	131

Total **8,954**

● **EUROPE (EXCLUDING FRANCE)**

Lagardère Publishing	2,656
Lagardère Travel Retail	5,421
Lagardère Sports and Entertainment	669
Lagardère Active	278

Total **9,024**

● **AMERICAS**

Lagardère Publishing	1,705
Lagardère Travel Retail	6,097
Lagardère Sports and Entertainment	151

Total **7,953**

● **ASIA-PACIFIC**

Lagardère Publishing	125
Lagardère Travel Retail	2,339
Lagardère Sports and Entertainment	207

Total **2,671**

● **AFRICA**

Lagardère Publishing	79
Lagardère Active	57

Total **136**

4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND RESPONSIBLE CORPORATE GOVERNANCE

AFR

Create purpose. Foster personal fulfilment at work. Offer guidance to its employees in diversity and innovation. Combine excellence with corporate responsibility. Anticipate the needs of a changing society. Align respect for objectives with respect for the planet. These challenges are directly related to the businesses of the Lagardère group and reflected in its social and environmental commitments

implemented as part of a Corporate Social Responsibility (CSR) policy designed to reach three prime objectives: comply with increasingly stringent regulatory requirements, align its approach with the Group's changing strategy and structure, and strengthen stakeholder relations.

4.2.1 CSR POLICY OBJECTIVES

A) COMPLYING WITH INCREASINGLY STRINGENT REGULATORY REQUIREMENTS

The CSR reference framework applies both nationally and internationally.

In France, non-financial disclosure requirements have become stricter over the years. This section now meets the requirement to publish a non-financial statement pursuant to articles L. 225-102-1 and R. 225-105 of the French Commercial Code. It also complies with the duty of care law for parent and contracting companies (see section 4.7). As the relevant laws were passed late in the year (23 and 30 October 2018), the issues of food insecurity, animal welfare, tax evasion, and responsible, fair and sustainable food management were not covered in the non-financial statement published in this Reference Document. These issues, despite representing significant risks, will be covered in next year's reporting.

Regarding tax evasion, the Group takes a responsible approach to tax matters to support its business operations, and pays taxes where its economic activities take place. The Group also takes steps to comply with international requirements, such as country-by-country reporting (CBCR), and makes careful efforts to provide the utmost transparency in dealing with the tax authorities.

In application of its tax policy, Lagardère ensures that no Group business aims to transfer profits to tax havens. Intangible assets are located in countries where economic activities take place.

Internationally, Lagardère applies a number of founding documents and principles on CSR, such as the International Bill of Human Rights, Fundamental Principles of the ILO⁽¹⁾, the OECD⁽²⁾ Guidelines for Multinational Enterprises, and the Guiding Principles on Business and Human Rights. The Lagardère group draws on other guidelines in carrying out its business activities, including ISO 26000 (used as a basis for updating the 2012 Code of Conduct), Unesco's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child. The UN's Sustainable Development Goals (SDGs) formulated in 2015 set out the societal priorities for building a more sustainable society. Broken out into 17 global development goals on wide-ranging topics including gender equality, climate action, quality education and innovation, the SDGs cover all of the core sustainability priorities for the period through to 2030. By setting out an organised framework and using a shared language for all stakeholders, they ensure synergy and consistency in actions and initiatives at all levels. The SDGs now serve as a valuable reference framework to guide CSR practices, the Group endeavours to build a strategy consistent with the goals that are most relevant to its businesses.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère is renewing his commitment to the principles of the United Nations Global Compact, to which the Group has adhered since 2003 and which have guided its CSR strategy for fifteen years now.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) International Labour Organization.

(2) Organization for Economic Co-operation and Development.

With operations on every continent, the Lagardère group is one of the world's leading companies in content publishing, production, broadcasting and distribution. As an international group, we must be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is more respectful of man and his environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages businesses to operate responsibly.

To reassert our commitment, each year we report on the progress made by our Group in the Compact's ten principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

FIGHTING CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

B) ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group aligns its CSR policy with its development strategy for its various businesses. For several years, its roadmap has therefore paid special attention to:

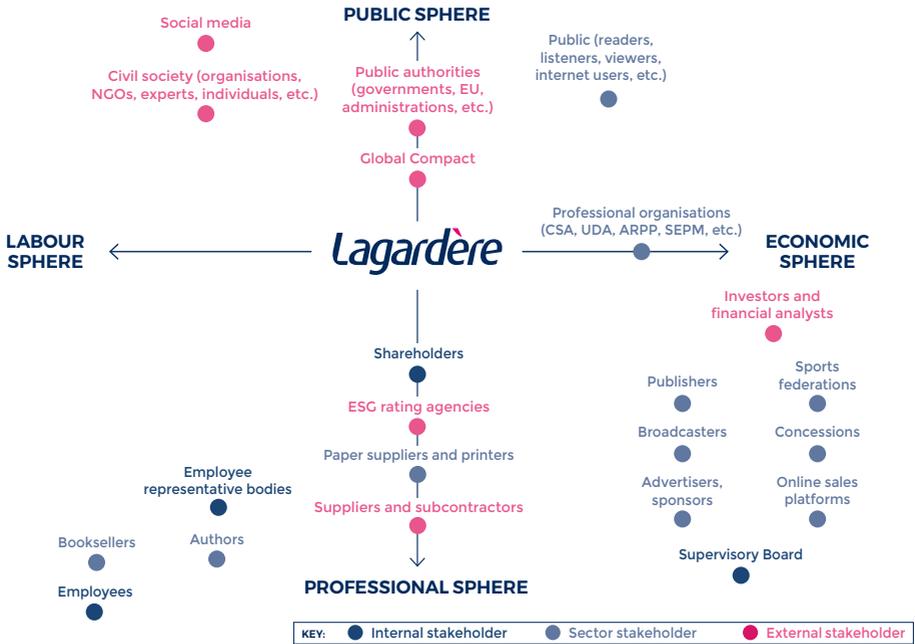
- ▶ changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts that the Group's activities have on society;
- ▶ the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local communities, promotion of cultural diversity, etc.).

C) STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, internet users and television viewers, employees and suppliers, rights holders and advertisers, concession granters and the travelling public, customers and investors, consumers and shareholders, and others: Lagardère's numerous stakeholders – internal, external, public or sector – are mapped out in the diagram below.

Since it first rolled out its CSR strategy, Lagardère has maintained frequent and ongoing dialogue with non-financial investment analysts. This long-term collaboration, together with the progress it achieves each year, has enabled the Group to remain in the following ESG indexes (as at 31 December 2018): Vigeo Euronext Europe 120 and Eurozone 120, FTSE4Good Index Series, MSCI Global Sustainability Index Series and STOXX® Global ESG Leaders Index. Given its strong performance based on the 2018 Dow Jones Sustainability Index review, the Lagardère group was also included in the RobecoSAM Sustainability Yearbook 2019, placing it among the eight sustainability Industry Leaders 2019 in the media industry group.

To lean in closer to its objective to enhance dialogue with stakeholders, in 2015 Lagardère set up a **stakeholder panel**, an advisory body that seeks to continuously improve the Group's CSR practices. Lagardère's stakeholder panel is chaired by Thierry Funck-Brentano, one of the Co-Managing Partners of Lagardère SCA, and coordinated by the Sustainable Development Department. Its 13 members are appointed for two years and represent the Group's main priorities, businesses, and industries.



This panel has three main goals:

- ▶ establish regular dialogue at Group level between Lagardère and its stakeholders;
- ▶ better understand stakeholders' perception and expectations of the Group;
- ▶ support Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

In November 2018, the stakeholder panel focused on analysing non-financial risks and including them in the Group's risk map, and following up on the duty of care plan implemented early in the year. Its objective of long-term dialogue with stakeholders also took on its full meaning in 2017, when the Lagardère group updated its CSR roadmap after setting out its first materiality matrix.

After working with the stakeholder panel in 2015 to identify and rank the 14 CSR priorities considered important for the Group in view of its activities and geographical positioning, the Sustainable Development Department wanted to develop the ideas by incorporating a broader consultation process that would encompass more internal and external stakeholders to enable a wider range of points of view to be taken into account and obtain some measure of consensus regarding the most important priorities.

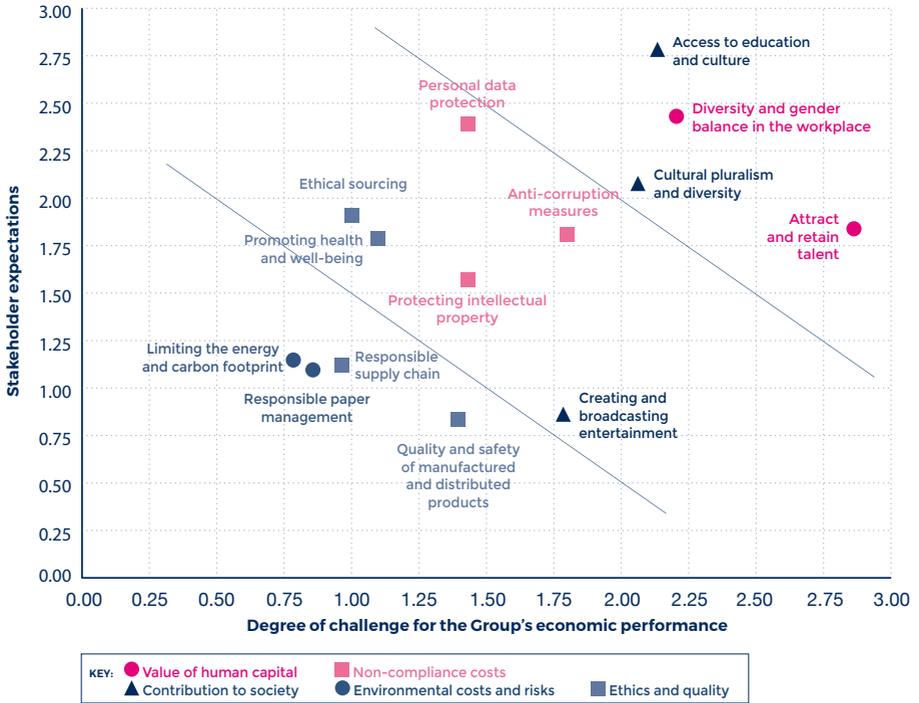
The Group reworked the definition of each of the 14 priorities and classified them into five main groups of risks and opportunities (contribution to the community, value of human capital, environmental costs and risks, cost of non-compliance, ethics and quality).

Next, a qualitative screening based on 15 interviews held with Group executives was analysed in combination with a quantitative approach developed using a questionnaire sent to employees and a selection of stakeholders.

The qualitative screening positioned each priority based on its importance to the Group from a business perspective, while the quantitative screening (covering more than 1,000 employees and over 50 external stakeholders), positioned each priority with regard to stakeholder expectations.

The final matrix, shown below, was then reworked with the aim of simplifying the CSR roadmap in its overall design. The last step involved presenting the matrix to the stakeholder panel.

The Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

At Group level, a Sustainable Development Department, which reports to the Managing Partners, coordinates a Steering Committee composed of CSR managers from each business line and representatives from several cross-functional departments. Chaired by the Group's Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing Partner of the Lagardère group, this Committee fine-tunes the Group's CSR strategy and proposes initiatives to be undertaken at Group level while promoting the exchange of best practices between the divisions.

Each division has its own CSR policy led by a Sustainable Development manager, who handles the networks of internal correspondents, or forms local steering committees, and coordinates the CSR informational training and awareness programs aimed at employees.

At the same time, the Sustainable Development Department helps steer various focus groups dealing with key issues, such as responsible purchasing, in collaboration with the Group's Purchasing Department, and the promotion of diversity, with the Human Resources Department. It also coordinates dialogue with the stakeholder panel.

Since 2015, the Supervisory Board has incorporated CSR within the duties of the Appointments, Remuneration and Governance Committee. Consequently, in 2018, the Sustainable Development Department came to give an update on the CSR roadmap.

Responsible corporate governance forms the basis of the Lagardère group's CSR roadmap. The Group's approach to responsible corporate governance is reflected in its ethical principles and in compliance programmes applicable to its employees (see section 3.2.6.5).

The Lagardère group Code of Conduct sets out a collection of guidelines providing a set of shared standards for all Lagardère employees. The Code of Conduct is one of the founding documents used to define the Group's CSR policy. At Lagardère Active, the journalists' Code of Conduct lays down the fundamental values of journalism and aims to guarantee freedom of the press and independence of content.

4.2.3 THE CSR ROADMAP

The CSR roadmap is drawn up around three key principles:

► **Placing people at the heart of our strategy**

This refers to our belief that our greatest responsibility is to our employees, who should be able to work in a diverse, varied, attractive and stimulating environment, and to all people who, through our content, products and services, can enjoy a rewarding experience in line with the respect for human rights.

► **Anticipating and supporting social change**

Over and beyond its responsibility that comes with producing content (to inform, raise awareness, educate, and provide tools to better understand the world), the Lagardère group works towards a pragmatic, environmentally-driven commitment

that is relevant to its business activities, by focusing on three fronts: climate change, responsible resource management and an environmentally responsible approach to the food chain.

► **Acting as an ethical and responsible organisation**

Responsible corporate governance is the cornerstone of trust on which the Lagardère group's CSR policy is built and above all requires strict compliance with regulations. The Group aims to transform these restrictions (often conveyed in terms of risks and sanctions) into opportunities. These compliance obligations, which have become stricter over the years, are underpinned by the Lagardère group's respect for principles and codes of conduct that form the basis of its responsibility policy, both internally and worldwide.

4.3 CSR – RISKS, OPPORTUNITIES, STRATEGY AND PERFORMANCE

AFR

In 2018, the Sustainable Development Department and Risk and Internal Control Department worked together to identify non-financial risks and integrate them into the Group's risk map.

After identifying nearly 40 non-financial risk events and opportunities divided into four categories – labour impacts, environmental impacts, respect for human rights and fighting corruption, the risk and sustainable development teams compared them with the existing materiality matrix (see section 4.2.1.C).

This cross-analysis of the 40 events was used to identify 13 non-financial risks and opportunities. These 13 risks were then assigned a rating for each of the Group's main businesses, ranked using the Group's risk scoring methodology, and weighted based on revenue to take into account the Group's strategic plan to refocus its business on Lagardère Publishing and Lagardère Travel Retail. The ranking process highlighted the nine following areas as carrying non-financial risks and opportunities:

- ▶ management of skills and key talent;
- ▶ diversity and gender balance in human capital;
- ▶ access to and dissemination of education, culture and entertainment;
- ▶ quality of products and services, promotion of health and well-being;
- ▶ management of resources and respect for the environment;
- ▶ management of energy and carbon impacts;
- ▶ respect for privacy;
- ▶ respect for fundamental freedoms;
- ▶ fighting corruption.

Section 4.3 sets out to describe the Group's strategy employed for each of these priorities, implementation of this strategy at the Group's businesses, and the indicators currently in place to monitor progress made and what remains to be done.

4.3.1 LABOUR IMPACTS OF THE GROUP'S ACTIVITIES

4.3.1.1 MANAGEMENT OF SKILLS AND KEY TALENT

Today's world is changing fast, with new growth models emerging all the time. To keep up, the Lagardère group must attract and support the career development of talented, creative and engaged employees to design innovative products and services and produce high-quality content. The Group's success in several of its businesses is in fact a direct result of the skills and expertise of certain individual employees or Group contractors; these skills are valuable resources, which are constantly adapted to maintain the quality and diversity of the workforce.

A.1 STRATEGY

Under the supervision of the human resources departments at Group and business division levels, operating entities manage their employees independently and locally to bring out the best in the human capital they manage. To achieve this, they implement measures to respond to the specific needs of their activities, businesses and environments. In line with the Group's organisational approach, divisions must nevertheless adhere to a set of common commitments, including an internal talent management policy, that are subject to regular monitoring by the Group's Human Resources Department, with meetings held every two weeks.

Developing the professional expertise and individual responsibilities of employees is crucial to the success of the Lagardère group. As such, it focuses on the growth of its employees, through promotion, internal mobility and training to enhance the employability of each individual. Lagardère also invests in guidance and training for young people by promoting the use and development of work-study placements and programmes.

It is also Group policy to use remuneration and pay rises – contingent on the value employees bring to their position and on variable pay scales that truly reflect the measure of individual objectives – to recognise and reward employee performance levels, using quantitative and qualitative criteria defined by the subsidiaries.

This priority, of managing skills and key talent, also responds to UN Sustainable Development Goals 4 "Quality Education" and 8 "Decent Work and Economic Growth".

A.2 APPLICATION

RELATIONS WITH SCHOOLS

Because employee guidance starts early, by establishing regular dialogue with students when they are still potential candidates, the Group makes a point of attending forums organised by France's top schools (HEC, ESCP Europe, ESSEC, EDHEC and EM Lyon) by sending recruiters from its different divisions.

These events provide an opportunity to present the Lagardère group and its brands to students and recent graduates and to offer work placements, work-study contracts or jobs, while also giving advice on first career choices.

The Group has also partnered, since it was created seven years ago, the World Academic Sport Challenge with France's top schools and universities. This one-day sports competition brings together students and companies and includes actions to promote the integration of employees with a disability, along with the chance to discuss the businesses of partner companies.

TRAINING

To offer employees guidance throughout their career, the Lagardère group offers a vast selection of training options available to all its employees in a broad range of areas, including digital, management, communication, health and safety, foreign languages, businesses, etc. Every year, the data on training hours highlights how well-adapted the Group's training policy is. Out of total training, more than 60% of training hours focus on "business" or "management". These training courses closely tie in with employees' performance in their current position and their development potential.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

The Group offers a three-day leadership programme for high-potential managers, which helps them to boost innovation, lead a cross-divisional project and become an agent for change.

The divisions also organise their own in-house training sessions. For example in France, Lagardère Publishing introduced its Hachette Livre forum, three one-day events that take place over the course of the year to provide new employees with the opportunity to learn more about the publishing business.

For many years, Lagardère Travel Retail has provided an internal training programme for its commercial teams. In addition, the division set up the Lagardère Travel Retail Academy in early 2017, with the aim of developing the skills of high-potential employees and top managers by organising three-day seminars for participants from various countries. Several renowned international experts from major universities (MIT, Harvard, ESSEC, Sciences Po Paris, etc.) were invited to talk at these events where around 15 employees received training on subjects such as change management, leadership, finance, innovation and marketing. In 2018, six seminars were organised in Europe, the United States and Asia.

INTERNAL MOBILITY

Internal mobility is a key component of human resource management, rounding out the areas of training and employee skills development. Group-wide, nearly 3% of vacancies for permanent positions were filled through mobility in 2018. While this figure would appear to be low, it is heavily impacted by the high employee turnover within the Travel Retail division of mainly retail sales staff, an employee category for which internal mobility is not a priority. When adjusted for this factor, the Group's internal mobility rate stood at 7.5% in 2018.

Furthermore, the strong differences in the Group's business activities make mobility of operating staff between divisions practically impossible. However, in France the Lagardère group has developed a special process to evaluate the different opportunities

(mainly for support functions) and the profiles of candidates who have submitted a request for mobility. The inter-divisional committee (made up of HR representatives in charge of mobility) handled around 13 mobility transfers in 2018 and reviewed more than 175 jobs and 25 candidates.

REMUNERATION

To take into account employees' skill levels, training and responsibility and the specific nature of the business sectors they work in, individual rather than collective pay rises are increasingly common. As such, most of the Group's entities reward employees through individual and collective performance incentives such as bonuses and variable pay. These practices allow an employee's remuneration to be linked to the achievement of personal objectives and collective objectives at the level of the subsidiary concerned.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their fulfilment of the requirements of their job.

Lagardère also seeks to build loyalty among key talent with the regular award of shares in the parent company, Lagardère SCA. It has done so since 2007 using free share awards (see the Special Report of the Managing Partners in section 2.2.3).

A.3 PERFORMANCE

To show its commitment to managing its human capital, the Lagardère group now focuses on a smaller number of indicators, which it will monitor more closely. These key indicators include voluntary departures (which cover only resignations and departures for retirement, and do not include redundancies or mutually agreed contract terminations), variable remuneration, and length of service of managers and executive managers within the Group.

Voluntary departures⁽¹⁾

Division	Region	Unit	2018	2017
Lagardère group	France	%	8	8
	Europe	%	16	13
	Americas	%	45	45
	Asia-Pacific and Africa	%	52	32
	World	%	24	22

The percentage of voluntary departures in the table shows a significant contrast between regions. This is primarily due to the context of local job markets and a radically different work ethic from one country to another. Strong differences are also found

between the Group's various business divisions. Voluntary departures are especially common in Travel Retail, as retail employees are included in this indicator across a broad scope.

Other performance indicators

Indicator	Unit	2018	2017	2016
Percentage of managers and executive managers with more than ten years of service	%	43	42	44
Percentage of employees with a portion of variable remuneration	%	44	40	37

(1) The percentage of voluntary departures is calculated based on the number of employees reported at 31 December 2017 minus separations in 2018. As turnover is high, particularly in Travel Retail, a consistent definition cannot be applied from year to year to determine the number of employees. This figure reflects some degree of uncertainty (about 3%) despite the checks performed.

4.3.1.2 DIVERSITY AND GENDER BALANCE IN HUMAN CAPITAL⁽¹⁾

Discrimination based on gender, disability, sexual orientation, race, religion, etc. undermines self-esteem, while diversity helps create social harmony. The Lagardère group believes that having a diverse workforce (particularly in terms of gender, disability, ethnic and socio-economic background) drives creativity and growth.

A.1 STRATEGY

Adapting to local cultures, the diversity of consumers and the increasing number of markets are strategic to the development of all Group businesses. Given its wide range of business activities and the broad array of expertise provided by its workforce, the Lagardère group is keen to promote diversity in its divisions. Working diligently on this issue, as with the above-mentioned one, the Group-level and division human resources departments are on the front lines to make sure that its employees fairly represent society at large.

Lagardère is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or religious opinions, trade union affiliation, disability or sexual orientation. It works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and eliminating forced and compulsory labour.

Lagardère's strategy to promote diversity and gender balance has translated these principles into three main focal points:

- ▶ gender balance in the Group;
- ▶ breaking down stereotypes based on race or social class;
- ▶ integrating employees with disabilities.

This priority also responds to goals 5, "Gender Equality", and 10 "Reduced Inequality", of the Sustainable Development Goals.

A.2 APPLICATION

GENDER BALANCE IN THE GROUP

Women continue to occupy a central position in the Group's workforce. In 2018, they represented 64% of the Group's total permanent workforce, 42% of executives and 56% of managers. Not surprisingly, they also made up the majority of training participants (women took 61% of the training hours given, and 64% of the total number of trained employees were women).

Promotions and pay rises were also in line with the proportion of women and men in the workforce, as 62% of promotions concerned women and 64% of pay rises were awarded to women.

In November 2017, the Group launched the LL network internally, addressing all employees in France, to promote diversity. The network grew significantly in 2018 to include over 450 members, of which about one fourth were men.

This network has three goals (improve gender balance in the Group's businesses, help women to attain management positions, strengthen constructive dialogue between members of the different Group entities) and engages in four types of action (conferences, mentoring, master classes and networking events). The network also aims to support constructive dialogue between businesses and be an instrument in attracting and retaining talent.

The LL network organised nearly 30 events (after work events, breakfasts, an annual day-long event, workshops and conferences) in 2018 and supported 14 women through its mentoring programme. The LL network also embodies the Group's commitment to various

causes in support of women (endorsement of the HeForShe campaign and the Women's Empowerment Principles, a partnership with Digital Ladies & Allies, action in the #1in3Women movement to end violence against women, and the #StOpE initiative to stop everyday sexism in the workplace).

Among the Group's divisions and entities, a number of other initiatives have been set up to actively promote gender balance within the Group.

The agreement concerning gender equality in July 2017 within Lagardère Publishing, Hachette Livre in France commits to improve gender balance during recruitment processes for all types of employment (from publishing, to IT distribution to logistics) by 2020. It also includes a commitment to offer promotions to an equal number of men and women and to balance the average percentage pay rise granted to women with that offered to men.

At Europe 1 in the Lagardère Active division, the agreement in respect of the mandatory annual wage negotiations signed in 2017 allocated a specific budget to reducing the pay gap between men and women. By deciding to double this budget between 2017 and 2018, the management and union organisations of Europe 1 strengthened their commitment to fighting this challenge faced by society.

BREAKING DOWN STEREOTYPES BASED ON RACE OR SOCIAL CLASS

This theme is relevant day to day, across all businesses. The broad diversity of employees reflects both the large number of regions in which the Group operates and the diversity of the customers and consumers that buy its products and services.

At the Group level, the situation at our various entities is surveyed regularly, in particular by analysing recruitment procedures to test the selection criteria for candidates applying for full employment and work placements. A second analysis took place between 2016 and 2017, which mainly helped to refine the assessment procedure and identify both progress made and new areas for improvement to focus on. A third analysis is planned for 2019.

Training designed for division managers on decisional bias caused by stereotypes is provided regularly throughout the year at the Group's operating entities. The human resources departments and executive committees of each division were the first staff segments to receive this training, which is provided for several dozen managers every year.

Europe 1 has signed the Diversity Charter which expresses a company's willingness to improve the degree to which its workforce reflects the diversity of French society.

Following on from previous years, numerous initiatives, conducted in partnership with charitable associations promoting cultural or social diversity, were continued within the Group, such as *Nos Quartiers ont des Talents*, *Sport dans la ville*, the Divertimento Orchestra, etc., which help young people from problem neighbourhoods to gain access to the training or employment opportunities that are sometimes unavailable to them due to their ethnic or social backgrounds.

In France, Lagardère Publishing teamed up with Sciences Po to provide book bursaries for students under France's programme to support equal opportunity in education (*Conventions Éducation Prioritaire* – CEP). Hachette Livre also supports the CEP programme in different ways (traineeships, tutoring, participation in admission committees, etc.).

(1) The information presented in section 4.3.1.2 essentially concerns the obligations provided for in paragraph 6 of article L. 225-37-4 of the French Commercial code (*Code de commerce*).

At Lagardère Publishing in the United Kingdom, the Changing the Story programme was rolled out in 2017 in order to promote diversity of culture, race, gender, religious beliefs and sexual

orientations, etc. in both the books it publishes and in terms of employees recruited.

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
Percentage of women in executive management	%	42	43	42
Percentage of women managers	%	56	55	55

In addition to the indicators described above, for several years the Group has also closely followed a number of formal disputes concerning discrimination alleged against one of its entities (see section 4.3.3.2 describing the respect for fundamental freedoms).

4.3.1.3 ACCESS TO AND DISSEMINATION OF EDUCATION, CULTURE AND ENTERTAINMENT

The Lagardère group's businesses aim not only to instil the love for reading and learning, and develop critical thinking, but also to enhance knowledge, culture and education through the full range of content available across all media and in physical retail spaces. At the same time, entertainment and sport provide ways for people to relax and enjoy themselves. The wide array of content and products available, artists and athletes supported, countries where it broadcasts, and cultures highlighted in sales outlets, along with the multiple points of view and types of content promoted by the Group's brands, supports cultural diversity and freedom of expression.

A.1 STRATEGY

Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in the Group's businesses. With its involvement in the worlds of reading, writing, travel, information and entertainment, Lagardère carries a particular responsibility as a world leader in content publishing, production, broadcasting and distribution. Culture, in all its forms and all its diversity, is the driving force behind the Lagardère group. This is shown in the variety of the books published by Lagardère Publishing, reflecting a broad spectrum of opinions in more than 70 countries and 15 languages, the reach of the Lagardère Travel Retail network (about 4,600 retail stores in more than 35 countries), the diversity of the teams and the extensive range of products on offer.

Diversity in content, culture and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world and knowledge transmission are all issues traditionally related to the activities and values of the Lagardère group. In effect, all the Group's brands contribute, at their level and in their own way in relation to the local context, to supporting individuals in their everyday lives by helping them understand the major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.) or by satisfying their need to learn, discover, gain knowledge and open up to the world around them.

This priority target is covered by the Group's operating entities that ensure the accessibility, dissemination and promotion of their products and services to all possible audiences. It primarily aims to meet Sustainable Development Goals 3 "Good Health and Well-being" and 4 "Quality Education". And because the content helps to educate, inform and raise awareness, it also responds indirectly to goals 5 "Gender Equality", 8 "Decent Work and Economic Growth", 10 "Reduced Inequality", 12 "Responsible Consumption and Production" and 16 "Peace, Justice and Strong Institutions".

A.2 APPLICATION

Hachette Livre is a founding member of the PEN International Publishers Circle. PEN International is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide. In the three countries where it operates (France, United Kingdom and the United States), Hachette Livre actively helps to finance PEN and various other initiatives that seek to protect freedom of expression and publication around the world.

In France, the United States and the United Kingdom, Lagardère Publishing also contributes to promoting and developing audiobooks through its various brands. This format has in particular helped people with a visual impairment or with reading difficulties, such as young dyslexics, and facilitated access to reading in general. However, the audiobooks also enjoy broader appeal, for the quality of the voice of the reader, the convenience or even for educational goals, as the appreciation of the text itself can be enhanced when the effort of reading is removed from the equation. The audiobook also offers an ideal way of transmitting the enjoyment of reading and encouraging people to read.

In addition to its daily activities and involvement via the SNE (the French Publishers' Union) in all public events related to combating illiteracy and inciting reading, Lagardère Publishing leads many initiatives to promote reading and support education in all regions where it operates.

One of the most iconic activities is *Le Camion qui livre*, a bus that has travelled up and down the beaches of France every summer for the past five years in search of readers, offering a selection of *Le Livre de Poche* paperbacks. By going out in search of readers on the beaches and, above all, attracting people that might not otherwise have visited a bookshop, this operation ties in with *Le Livre de Poche*'s historical core objective of making reading and culture accessible to all. *Le Livre de Poche* also works with Unicef in its mission to educate the 128 million children worldwide who are not enrolled in school, by publishing previously unpublished works and donating a portion of the proceeds to the cause.

Hachette Livre and Hatier are involved in *Savoir Livre*, a non-profit organisation that works with the French national education authority and the Books and Reading Department of the Ministry of Culture. *Savoir Livre* monitors the education system through studies, surveys, conferences and debates with the underlying aim of giving children the best chance of succeeding in life. In 2013, Hatier also launched a contest called *Le Tremplin Prépac* for secondary school students, with a prize of €5,000 to finance the winner's career plans. Since October 2017, Hachette Livre has been a founding member of *Educapital*, a European investment fund dedicated to education and training. *Educapital* will identify and partner innovative start ups in the education and training sectors, particularly in primary, secondary and higher education and extra-curricular activities.

Education also involves raising awareness about the major issues facing society. As the publishing business is primarily driven by the diversity of the books it publishes and the ideas it develops,

Lagardère Publishing's primary responsibility is to help readers understand the major issues across the world today. In 2018, Hachette Livre bought the publishing house La Plage, which publishes books by authors involved in environmental issues and well-being topics. This move enhances the variety of works available and provides La Plage with a broader platform for its authors to spread their environmental message.

Hachette UK set up its Changing the Story programme in 2016 as part of its objective to promote diversity, social inclusion, equality, accessibility, dissemination of culture, reading and writing. This 360-degree programme takes action through several initiatives (partnerships, workshops, mentoring, fundraising, donations, editorial choices, employee engagement, training, enterprise network, etc.) to make Hachette UK the leading publisher in the United Kingdom.

In the United States, Hachette Book Group runs a number of initiatives aimed at facilitating access to reading among people with visual impairments or from underprivileged backgrounds and getting people interested in reading and writing, by donating books and e-books and providing free access to its catalogue of audiobooks, etc.

The US subsidiary also continued its partnership with the Read Ahead organisation for the seventh year running. This has led a number of employees to help pupils of a public school in New York to practise and improve their reading abilities over a full school year, and more generally to provide mentoring throughout their course.

In France, Lagardère Travel Retail has contributed to developing freedom of expression for over 15 years. Through its network of Relay sales outlets, the division supports the work of Reporters Without Borders (*Reporters Sans Frontières*) by promoting the association's three annual publications, free of charge. Moreover, the amount raised from the sale of these publications is passed on to Reporters Without Borders in full. Relay also promotes the organisation on its website and in its stores.

In terms of educating the media, Europe 1, in partnership with Gulli, took part in the 29th Press and Media Week at School (*Semaine de la presse et des médias dans l'école*) in March 2018 for the fifth consecutive year. This event is coordinated by the centre for liaison between teaching and information media, or Clemi, and the French Ministry of Education to help children to understand the media system, to develop their critical analysis skills and their interest in current issues, and to forge their identity as a citizen. The Lagardère group's radio business invited classes of secondary school pupils to its offices to discover the world of radio by participating in a variety of activities and experiences. The 2018 edition focused on the issue of fake news.

In the area of equality and the representation of women in the media, the Radio unit of Lagardère has, since 2015, complied with the requirement of the French regulator CSA to track and promote the presence of women on the air. For example, Europe 1 and Virgin Radio record both quantitative and qualitative data each year on the representation of the men and women – journalists, hosts, reporters, experts, politicians and other guests – used in their programmes. All programmes pre-purchased and co-produced for the youth channels are closely monitored by the business line. This work is performed upstream, for example when characters, scripts, dialogue and graphics, etc. are selected.

The 2018 data⁽¹⁾ show a slight decrease in the overall presence of women on the air at Europe 1 (43% versus 47% in 2017). This is due to the decline in the "Journalists/Reporters" category and the women's continued severe under-representation in politics.

Europe 1 wants women to feature more prominently as both guests and hosts in prime-time programming, thus helping to create a more feminine radio station and broadcast their expertise. The radio station also regularly defends women's rights issues, such as ending violence against women and closing the gender pay gap. Europe 1 also highlights the professional achievements of women and women who have changed history, such as Simone Veil, whose remains were transferred to the Pantheon in July 2018. Sexual harassment and violence against women were major topics of discussion in 2018, in reaction to the Weinstein case and the #MeToo movement, and its consequences on women's free speech.

The overall rate of women's presence on Virgin Radio in 2018, 27%, was similar to that in 2017.

The teams at Virgin Radio remain strongly dedicated to putting across a positive and dynamic image of women and helping to combat violence against women in talk radio and news programmes. Several programmes broadcast both nationwide and on regional stations discussed various issues revolving around gender bias and violence towards women.

In 2018, and indeed every other year, Lagardère's media activities helped to explain, via their content, their opinions and/or their partnerships, many social issues of the day to various different audiences. Europe 1 continued to ensure that the various components of French society were fairly represented in the participants on the air (hosts, journalists, guests, listeners) and its programming, in addition to the topics covered in its news broadcasts and shows. The initiatives on the air highlighted the vast diversity of French society, in terms of the ethnic and cultural backgrounds of the national community, socio-economic categories, gender and disability.

Lastly, within Lagardère Active, Lagardère Publicité ensures compliance with advertising regulations with the support of the division's Legal Department. The Legal Department answers any specific questions operational staff may have about the content of advertising messages broadcast through all media (television, radio, magazines and the Internet).

Lagardère Publicité also follows the recommendations of the French advertising self-regulatory agency (*Autorité de régulation professionnelle de la publicité – ARPP*) and regularly submits the content of advertising messages (systematically for television advertisements) for prior verification of compliance with the standards. As an advertising sales brokerage, Lagardère Publicité also provides advice to agencies and advertisers to ensure that their advertising messages comply with the ARPP's recommendations.

(1) 2018 data relating to the air time allocated to women are still being analysed by the CSA. The 2017 figure (47%) is the final figure used by the CSA. The figure initially reported for 2017 (45%) was still being examined at the time of publication of the Reference Document.

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	No.	12,363	-	-
Air time allocated to women on Europe 1	%	43	47	33
Air time allocated to women on Virgin Radio	%	27	27	34

4.3.1.4 QUALITY OF PRODUCTS AND SERVICES, PROMOTION OF HEALTH AND WELL-BEING

All companies must ensure the health and safety of the people who use their products and services, and comply with applicable regulations. These priorities apply to every division within the Lagardère group in different ways. As an example, both physical products delivered with books (accessories, household items, toys, etc.) and food products must conform.

With the increasing growth of the Foodservice business at Lagardère Travel Retail, food hygiene and safety issues have become a priority. An incident involving the quality of food products sold at Group stores would not only endanger the health and physical safety of consumers but could also jeopardise the Group's credibility and reputation for both its customers and partners.

At the same time, this risk creates a real opportunity to enable people to find ways for living a healthy lifestyle, promote well-being for anyone at any age, and contribute to the discussion of today's social issues about health and healthy eating habits that are good for both people and the planet. Along with its opportunity to educate and inform, the Lagardère group can also influence (content on products/disseminated) and take action (food offering), and thus contribute to changing the way people think, behave and act.

A.1 STRATEGY

At Lagardère Publishing, suppliers that produce box sets and accessories go through a listing procedure, and all production is checked to ensure that products comply with new product safety regulatory requirements or standards (toys, items in contact with food, etc.).

The growing expansion of Foodservice at Lagardère Travel Retail since 2014 means food hygiene and safety issues have become a priority, as the division now offers food at nearly 1,000 points of sale in 20 countries. Food Safety Guidelines were defined to serve as a reference in all countries where the Group operates. These standards set out the policy along with strict rules that must be adhered to and are sometimes more demanding than the local hygiene regulations.

The division is also focusing more on the issue of food waste and issues relating to the agriculture bill passed in France in late 2018 on improving animal welfare, encouraging safe, healthy and sustainable food, and reducing the use of plastic.

A.2 APPLICATION

Since the end of 2012, Lagardère Publishing has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to French retailers and booksellers for products requiring certification. It created a product safety committee that meets once every quarter and has implemented incident and crisis management procedures concerning product safety to better handle all incidents. These procedures went into effect in early 2015.

In France, the division is also a member of the toy standardisation committee and participates in developing toy safety standards.

Lagardère Travel Retail has drawn up a policy with the support of Bureau Veritas and its local network of food safety and brand conformity experts. Starting in 2018, this policy is to be implemented in the following three areas:

1. Food Safety Guidelines provide tools for implementing action plans and objectives. In France, an HACCP⁽¹⁾ system for controlling food safety applies both to catering operations and the sale of packaged food items. Daily food hygiene and safety checks are performed at each point of sale, following strict and specific procedures, from the supplier delivery phase to final sale to the consumer;
2. An annual audit plan which is conducted at each of the subsidiaries. This includes in-depth questionnaires for each point of sale and audits for the headquarters of each of the divisions. Eight countries were audited in 2016, ten in 2017, and 14 in 2018;
3. Awareness-raising programmes, conducted in all new Foodservice regions, such as the Netherlands and Hong Kong.

In early 2018, Lagardère Travel Retail pledged that it would no longer sell eggs or egg-based products from caged hens as of 2025 throughout its network worldwide.

Alongside the food hygiene and safety issues, the division is becoming more and more aware of increasing demand from order-givers and consumers for healthier foods that promote traveller well-being. This awareness has led to partnerships with brands that are committed to improving the intrinsic quality of the products or providing locally sourced products.

In line with its sustainable development policy, and beyond the food hygiene, safety and product traceability aspects, Lagardère Travel Retail implements four types of initiatives to prevent food wastage at its subsidiaries:

1. Optimisation of production
 - Where possible, Lagardère Travel Retail and its subsidiaries choose fresh, seasonal and less perishable ingredients, and favour on-site production in a bid to keep in line with demand and not overproduce. Products are produced in smaller quantities but more frequently.
 - For example, the products produced or purchased by the Czech subsidiary are vacuum-packed to extend their shelf life.
2. Waste prevention: Lagardère Travel Retail has set a target to reduce all waste by 50% between now and 2025.
 - In Bulgaria, the Czech Republic and Poland, "happy hours" are organised at the end of the day with a view to limiting waste.
 - In Romania, public service announcements have been run both online and in stores, with a view to educating customers on the fight against food waste.

(1) HACCP: Hazard Analysis Critical Control Point.

- ▶ In the Czech Republic, the Too Good To Go app will hopefully enable customers to buy unsold meals online at reduced prices (this project is still in the planning stage).
- 3. Waste transformation
- ▶ In the Czech Republic, the coffee grounds generated by Costa Coffee branches have been made available to both customers and a gardening association. At UGO juice bars, there are plans to transform the unused fruit and vegetables into compost.

4. Transferral of unsold products

- ▶ Distribution of unsold products to zoos, circuses and animal shelters in the Czech Republic and Romania.
- ▶ Cooperation with charities for the homeless such as the Salvation Army in the Czech Republic.
- ▶ Cooperation with local food banks in the United States and Italy.

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
Number of countries audited for health and safety issues during the year	No.	14	10	8
Percentage of countries audited for health and safety issues at year-end	%	70	-	-

4.3.1.5 PREVENTING HARM TO PEOPLE

As part of its business managing facilities open to the public (arenas, sports and entertainment venues) and organising events open to the public (which remain limited), the Lagardère group is exposed to risks associated with public safety. Section 3.1.4.2 of the chapter on risk factors provides further details about this risk, which

is an important factor in the Group's operations management, particularly in its entertainment venues and events such as the Paris fan zone managed by Lagardère France for the UEFA Euro 2016 tournament. In a similar vein, protection measures have been implemented for employees travelling most often to foreign countries. In order to bolster its existing systems, the Group has drawn up a general policy covering personal safety.

4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

4.3.2.1 MANAGEMENT OF RESOURCES AND RESPECT FOR THE ENVIRONMENT

A simple, ubiquitous product, paper is historically the Group's main raw material. When produced from renewable sources, paper can be a quintessentially eco-friendly material, if and only if the impacts of its production are managed properly. Like any product, paper generates environmental impacts throughout its life cycle, from the forest and purchase of the raw material to production and recycling unsold copies. Paper pulp, which is transformed to produce paper, is a globalised resource that is transported worldwide, and imported by paper manufacturers from around the world. This globalisation means that the paper manufacturing process can combine several sources, so supply must be managed carefully. Managing this cycle responsibly relates to the need to integrate the Group's businesses into the circular economy.

A.1 STRATEGY

The Lagardère group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production and ending with the management of returns, Lagardère works with all its trade partners involved at every stage.

The Group's goal is first to increase the proportion of certified paper (paper from sustainably managed forests) it purchases every year, and to use PEFC or FSC certified paper, whether sourced directly from paper suppliers or supplied by printers the Group works with, or recycled paper whenever possible.

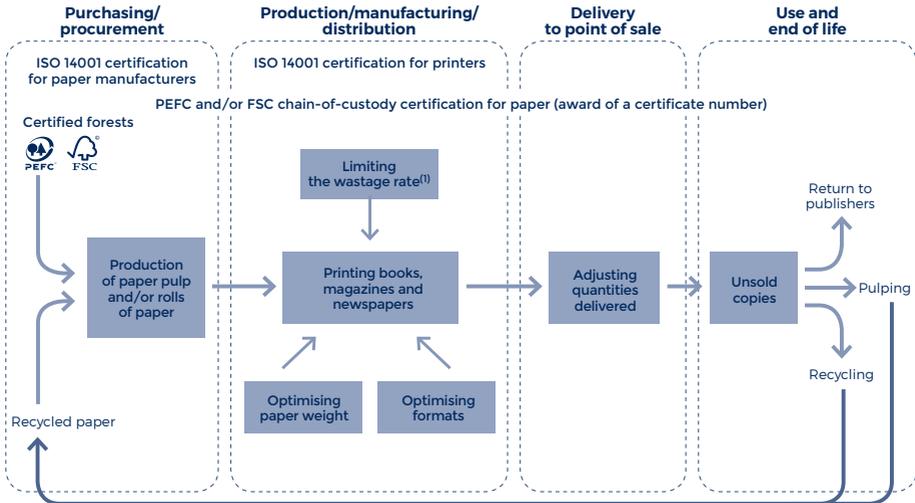
A sustainably managed forest is one in which the amount of wood harvested every year does not exceed biomass growth over that same year. This guarantees carbon sequestration in the forest, unlike overexploited forests or areas of deforestation. This sustainable approach involves controlling forest resources, but also takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality. Buying certified paper has an impact on the preservation of biodiversity.

Lastly, this sustainable use of natural resources, put into practice by technical paper manufacturing staff and purchasing functions in charge of paper procurement, helps gradually reduce any negative impact of the Group's operations on endangered forests and allows the Group to address Sustainable Development Goals 12 "Responsible Consumption and Production", 13 "Climate Action", and 15 "Life on Land".

The paper cycle

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are shipped to the printer to be made into books, magazines and newspapers. Once used,

these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp. This virtuous circle helps to instil a circular economy mindset at the Group.



(1) Wastage rate: the percentage of paper wasted during the manufacturing process.

A.2 APPLICATION

PAPER PROCUREMENT

Several measures are implemented alongside responsible paper procurement to control the quality of paper purchased.

Initiatives focusing on traceability and monitoring of the quality of paper purchased by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted. Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements (traceability, fibres from sustainably managed forests, etc.).

At the end of 2016, Hachette Book Group launched a new programme to verify the Asian fibres that enter into the paper it purchases. Each quarter, samples of the paper used for publications distributed by the American subsidiary are tested to obtain assurance that the paper purchased from Asian markets is from suppliers that respect their environmental commitments. To do this, Hachette Book Group has contracted a specialist laboratory to test the fibres of inside pages, cover pages, sleeves and book covers which are selected at random from among the publications printed in Asia. The aim is to ensure that no precious exotic woods are mixed into the weave and that the paper meets the specifications of Lagardère Publishing.

This programme was progressively extended to all Lagardère Publishing entities in France, the United Kingdom and Spain. This

represents a significant initiative that rounds out and reinforces the division's policy of purchasing certified and recycled paper.

In 2010, Lagardère Active launched a PEFC chain-of-custody certification process for paper that allows it to place the certification logo on the verso of the title leaf or the contents page of its magazines. This PEFC chain-of-custody certification process is now audited annually by an accredited independent firm⁽¹⁾.

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. On the other hand, the supply of recycled paper for magazines is still limited because of the volumes required and the number of suppliers in the market. As a result Lagardère mainly uses certified paper.

The Group's operating staff in charge of paper procurement have for some time run a policy to raise awareness of environmental issues with their paper suppliers and printers, both in and outside France, by encouraging certification. Consequently, more than 95% of the paper purchased by the two divisions was sourced from ISO 14001-certified suppliers.

MONITORING PAPER CONSUMPTION

Operating staff have adopted a number of initiatives to limit wastage (percentage of paper wasted) during the production process (printing and after-press). The wastage rate is calculated by comparing the amount of paper used in the printing process with the amount of paper delivered in the form of books, newspapers or magazines.

(1) The purpose of this audit is to check that all the physical and administrative flows provide adequate traceability throughout the service chain up to the layout service, which applies the logo to the magazine, certified under a unique number.

The rate can vary greatly depending on the printing technology used (type of machine or colours) and the number of books or magazines produced (the print run).

As part of the policy for reducing the paper wastage rate, the teams concerned determine the best technical parameters and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving waste rates is a key factor in negotiations with printers.

Paper consumption and wastage rates are monitored regularly to:

- ▶ validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- ▶ calculate the number of copies of magazines and newspapers to print according to sales statistics;
- ▶ identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- ▶ implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- ▶ inform editorial managers of the most economical formats to help them best meet market requirements;
- ▶ define and validate the best paper allocation schedules in conjunction with each supplier;
- ▶ identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large number of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who saw a reduction in the weight of their school bags. Lagardère Active proposes optimised formats to editorial managers. These new

formats not only meet market demand but also reduce the weight of paper consumed and transported.

Print-on-demand technology, which allows books to be printed on an as-needed basis, also helps to reduce paper consumption, while limiting greenhouse gas emissions linked to production, storage and transportation. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue was enlarged in 2018.

In France, Hachette Livre is also using this technology as part of a large-scale project it has launched in association with France's national library (*Bibliothèque Nationale de France*), to enable a selection of more than 185,000 works from the library's literary heritage to be made available for purchase via Hachette Livre's network of bookstores.

WASTE PAPER

With regard to the circular economy (waste prevention and recycling), managing unsold printed material (books and magazines) represents the biggest environmental priority for the Lagardère group.

Lagardère Active's Magazine Publishing business takes action upstream to reduce the rate of returns by optimising the number of copies of each title sent to stores. Returns are an inevitable part of newsstand sales, but to manage them as effectively as possible, the business unit regularly adjusts quantities printed and delivered via specialised software used by the sales managers of each title. Over the past twelve years, these actions have reduced its rates of returns to levels well below the average national rate.

At Lagardère Publishing, the rate of returns for books relates to operations managed by Hachette Livre Distribution, i.e., all activities in France, Belgium, Switzerland and Canada as well as global export. Returns that are not pulped for recycling are added back to inventories.

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
Total weight of paper purchased directly	kiloton	180.2	180.6	198.1
Total weight of paper purchased and supplied	kiloton	210.9	212.4	228.5
Percentage of certified paper	%	87	87	93
Percentage of recycled paper	%	10	10	5
Rate of returns for Lagardère Publishing	%	22.6	21.7	22
Percentage of returns pulped and recycled	%	77.1	72.6	73
Percentage of returns added back to inventories	%	22.9	27.4	27

4.3.2.2 MANAGEMENT OF ENERGY AND CARBON IMPACTS

The increase in greenhouse gas emissions caused by human activities is undeniably accelerating climate change, which is a global challenge that affects many regions and which calls for both a concerted international effort involving many different countries and smaller-scale initiatives led by individual countries, corporates and people. Fighting climate change constitutes a major challenge of our time that needs to be addressed by all companies, both public and private. Taking carbon footprints into account has therefore become essential for any company committed to pursuing a serious CSR strategy.

A.1 STRATEGY

As a leading publisher, producer, broadcaster and distributor of content, the Lagardère group's main responsibility with regard to the issue of climate change is to use its capacity to raise awareness, inform and educate the general public on the issue. Helping to improve the development and sharing of knowledge around climate change, its origins, causes and the various options that exist for reducing its impacts are all topics addressed by the Group's various media over the course of the year as they cover, handle and analyse the latest developments in this area.

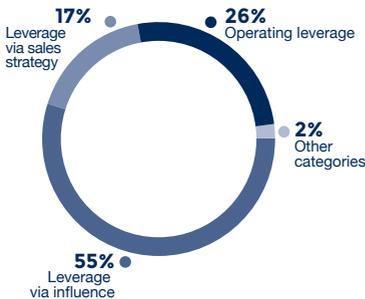
Beyond this specific responsibility, the Group's activities are largely tertiary in nature, which therefore limits the direct impact it has on the environment and therefore on climate change. Nevertheless, in order to identify the activities responsible for the most greenhouse gas emissions and the actions that could be taken to reduce these

emissions, in the first half of 2016, the Lagardère group conducted its first consolidated *Bilan Carbone*[®] audit.

In terms of the methodology, the audit was carried out using 2015 data relating to the activities. It covered all the activities of the Group's four divisions and therefore included all direct and indirect emissions, both upstream and downstream, connected with its many operations and sites. The idea of this exercise was not so much to arrive at an exact number, but to get an idea of the orders of magnitude involved (particularly for most Scope 3 emission sources) and to assess the level of carbon dependence in the value chain. This audit is effectively a strategic analysis tool that has enabled the Group to test numerous assumptions relating to its carbon priorities, assumptions it has formulated over the years thanks to its in-depth knowledge of its activities and divisions.

The emissions were divided into three main categories in line with the scope for action available to the Group. The last category consists of residual items. The breakdown is illustrated in the chart below.

Breakdown of the Lagardère group's carbon emissions by scope for action



The highest emissions category is therefore the category offering leverage through influence and includes the following:

- ▶ the production and use of the audiovisual and digital equipment used by end customers for the consumption of the Group's media content (televisions, radios, computers, mobile phones, tablets and e-readers) = 39%;
- ▶ the transportation used by spectators to attend sporting and/or cultural events in the entertainment venues and/or stadiums operated by the Group = 13%;
- ▶ the transmission of TV/radio/digital signals to disseminate the Group's media content = 3%.

In each of these categories, the scope for action is very limited:

- ▶ production and use of audiovisual and digital equipment: the only two actions that are possible for this item are lobbying equipment manufacturers and educating users on responsible ways of operating their equipment (energy consumption and depreciation over time), two areas over which the Group has little influence;
- ▶ transportation used by spectators to attend events: promoting sustainable mobility, partnerships that encourage the use of public transport, car-sharing, etc., providing valid options for spectators that are already at the venue or who live a reasonable distance away from the venue. Nevertheless, these actions do little to stop international travel, the majority of which is by air;
- ▶ transmission of TV/radio/digital signals: the Lagardère group is entirely dependent on these networks which are controlled by public and/or private operators.

The second highest emissions category is a category that offers scope for action via the sales strategy (17%). This category relates to the manufacture of the products sold at Lagardère Travel Retail division's various points of sale (food and drink, newspapers and magazines, miscellaneous accessories, fragrances and cosmetics, clothing and textiles, etc.). The scope for action is fairly clear in this category, namely offering products that are less carbon-intensive and more locally-produced products. Many of Lagardère Travel Retail's stores already sell a large range of local products at points of sale around the world. Offering products that have a lower carbon impact involves implementing a major overhaul of the product offering sold across the store network.

These first two categories alone account for 72% of the Group's emissions.

The third category, and one that does offer scope for action, accounts for just over a quarter (26%) of the Group's emissions and includes the following categories:

- ▶ the production of paper goods (books, magazines and newspapers) = 11%;
- ▶ the distribution of products sold (logistics) = 10%;
- ▶ the energy consumed by the Group's buildings (offices, warehouses, points of sale, entertainment venues, etc.) = 5%.

These categories represent the main sources of greenhouse gas emissions that the Group can tackle with a certain amount of ease.

The fourth and last category, accounting for 2% of emissions, includes the three remaining emitters. These are emissions linked to the following activities: event organisation/production, production of TV/radio/digital content and end-of-life products.

Lastly, it is worth noting that there is still a great deal of uncertainty surrounding this type of analysis, particularly with regard to the average emissions factors used, the assumptions retained, the extrapolations and estimates that need to be made, etc. The different levels of uncertainty relating to all the emitting activities included in the analysis are summarised in the table below.

Level of uncertainty of emitting items

Emitting item	Uncertainties
Manufacture and use of audiovisual and digital equipment	+++
Manufacture of goods sold at points of sale	++
Transportation of spectators	+++
Manufacture of paper goods	+
Distribution of goods sold (logistics)	++
Energy consumed by buildings	+
Television/radio/digital signals	+++
Event organisation/production	++
Production of TV/radio/digital content	+++
End-of-life products	++

In conclusion, the results of this analysis are used to support the initiatives started many years ago by the Group as part of its carbon-reduction strategy. This strategy consists of focusing on the areas in which the Group has genuine scope to take action, namely:

- ▶ the production of paper goods, books and magazines (see section 4.3.2.1);
- ▶ controlling energy consumption in offices, points of sale, warehouses and entertainment venues (see next section);
- ▶ optimisation of logistics (see next section).

The Group does not have any operations in geographic areas likely to be impacted by the increase in frequency or intensity of climate-related incidents. Accordingly, since the Group considers that this situation is not likely to hinder the smooth functioning of its activities, it has not yet put in place any specific measures to adapt to the consequences of climate change.

A.2 APPLICATION

AT THE BUSINESS LINES

At **Lagardère Publishing**, after conducting a third carbon audit for its operations in French-speaking countries in 2015, which highlighted a further 10% reduction in emissions versus the 2012 level, the division's American subsidiary continued the initiative it began in 2016 to verify fibres used in the production of paper sourced from Asia. This new environmental performance tool, which was extended to the division's other markets in 2017, rounds out the *Cap Action Carbone* programme. This has entitled the division to display two labels on all its French language books for the last five years: the carbon footprint of the item and the source (certified or recycled) of the fibres used in their production.

Lagardère Active, alongside its paper management policy, seeks to optimise transport in the manufacturing cycle by working with closely situated paper suppliers, printers, binders and transporters, and opting for transport methods with lower greenhouse gas emissions (train or boat where possible).

Lagardère Travel Retail's programme to refurbish its Relay stores in France provided the opportunity to test an upcycling project which has helped limit greenhouse gas emissions and to reduce transport-related emissions from warehouse deliveries. Lagardère Duty Free has operated a fleet of hybrid vehicles since 2015. Today, the use of this fleet at Paris-Charles-de-Gaulle and Paris-Orly airports has reduced fuel consumption by 20% per year.

Elsewhere, across the international store network operated by the division, energy optimisation programmes have been set up involving such actions as switching to LED bulbs and using refrigerators with doors.

The Group and its divisions each organise their own approach to this challenge, for instance by developing awareness campaigns and training programmes to help their employees understand the concerns specific to their particular business and the tools and measures available to manage them.

IN OFFICES

The Lagardère group is implementing a strategy to reduce its carbon footprint at its offices in three ways:

- ▶ opting for energy-efficient buildings and/or buildings with environmental certification for employees of Group companies. For example, the building in Vanves that is home to Hachette Livre has obtained HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label. The new headquarters of Hachette UK, Carmelite House, has obtained BREEAM certification;
- ▶ implementing a programme to increase its use of low-carbon energy sources. Several of its premises in Paris have been heated for years by a district heating system supplied by *Compagnie Parisienne de Chauffage Urbain (CPCU)*. In late 2017, the Group switched to clean electricity to supply all of the sites that it controls in France;
- ▶ using offices in a rational and pragmatic way. The Group's office buildings are increasingly being configured for optimal daily energy consumption (LED lighting, occupancy sensors, labelled computer equipment, equipment sharing, etc.).

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
CO ₂ emissions per FTE	tCO ₂ eq	3.40	3.59	3.51
CO ₂ emissions per € of revenue	gCO ₂ eq	14.6	15.6	15.0

The ratios presented in the table above refer to Scope 1 and 2 emissions described in A.1 of section 4.4.3.

4.3.3 RESPECT FOR HUMAN RIGHTS

4.3.3.1 RESPECT FOR PRIVACY

With the explosion in the amount of data available online and the surge in cyber-attacks in recent years, personal data protection has become a major social issue that requires increased responsibility and vigilance. Information systems are of critical importance in the day-to-day operations of the Group, which holds confidential data related to how its businesses are run as well as personal data concerning third parties (particularly customers, suppliers and internet users) or the Group's employees.

A.1 STRATEGY AND APPLICATION

The reinforcement of its digital activities brings with it new challenges for the Lagardère group, which will have to create new financial models, rethink jobs and understand new forms of public relations.

Driving growth for the Lagardère group, the development of digital technology also means greater responsibility in personal data protection and the fight against piracy.

Personal data protection concerns both employee and customer data.

Since the adoption of the General Data Protection Regulation (GDPR) applicable in France and all EU Member States as of 25 May 2018, this issue has been brought into the spotlight and to the public's attention, requiring the close involvement of the relevant authorities. Legal precedent has begun to be established, particularly concerning sanctions and the exercise of certain rights such as the right to erasure.

The Group has been actively implementing the Regulation since 2016 with the full support of the Managing Partners. After initial awareness-raising initiatives run by the Group in its divisions as from mid-2016, a dedicated task force was created at Group level, coordinated by three departments and comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee was set up with the divisions under the responsibility of the DPO, and a network of officers created in the divisions. This has enabled various applications, tools and policies to be validated for compiling information on data processed and ensuring that personal data are duly protected (see section 3.2.6.5).

Compliance issues are taken into account in the Group's constant reinforcement procedure, which is a characteristic of all of the risk management and compliance programmes. As an example, internal audit missions have already been mapped out and planned for 2019.

Chapter 3 on risk factors and control systems describes all the measures that have been undertaken in the area of information system security and the application of the General Data Protection Regulation.

Protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

4.3.3.2 RESPECT FOR FUNDAMENTAL FREEDOMS

In an increasingly transparent world, companies are faced with growing pressure to show that they respect human rights in their operations and value chains. These rights are inherent to all human beings, and all individuals are entitled to them without discrimination. It is within the remit of governments to transpose their international obligations to respect human rights into national legislation and ensure they are applied. But companies must also respond to the objective and challenge to enforce internationally recognised human rights. As business organisations have some control over the human rights of their employees and contractors, the people who work for their suppliers, the communities that revolve around their business activities, and the end users of their products and services, many nations have passed regulations that set out protective measures to prevent human rights violations by companies, including laws on labour, discrimination, the environment, and health and safety.

In essence, business conduct can have a direct or indirect positive or negative impact on human rights.

In practice, some rights are more relevant than others depending on the industry, region or circumstances. For the Lagardère group, human rights issues can be divided into three main categories.

First is the positive influence of the Group's businesses on culture and education and its strong knowledge of human rights (especially the right to education and freedom of expression). This positive impact is developed extensively in section 4.3.1.3.

Second, human rights are also an internal priority, affecting all Group employees and bearing risks associated with working conditions, personal health, safety and security, and discrimination. Section 4.3.1.2 and sub-sections A.2 and A.4 in section 4.4.1 cover these issues.

Lastly, the risk of human rights violations is also considered to be a priority with respect to the supply chain and sustainable procurement, and the relations that the Group's operating entities maintain with their suppliers and subcontractors.

A.1 STRATEGY

Since it signed the United Nations Global Compact in 2003, the Lagardère group has pledged to make respect for human rights and fundamental freedoms a key focus of its sustainable development. Although the Group's businesses are service-oriented, which tends to limit its negative impacts, all Group employees take steps to ensure that its business development and growth do not conflict with respect for human rights.

In addition to the Global Compact, the Lagardère group undertakes to uphold internationally recognised human rights set out in documents such as the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the fundamental conventions of the International

Labour Organization, and the Guiding Principles on Business and Human Rights (implementing the United Nations "Protect, Respect and Remedy" Framework, or Ruggie Principles).

The Group's Code of Conduct also outlines a set of guiding principles which employees undertake to apply. The Code formally prohibits discrimination and any form of harassment, capital punishment, or mental or physical coercion.

In 2013, the Group adopted a continuous improvement process to advance its sustainable procurement strategy and practices. Since then, the Group's strategy in this area has been based on:

- ▶ a Sustainable Procurement policy that promotes issues such as respect for the environment, diversity and social inclusion, quality of governance and easier access to VSEs and SMEs to the Group's procurement specialists, and encourages them to take into account the cash flow of small suppliers and select sustainable suppliers;
- ▶ a Responsible Supplier Charter based on certain number of international standards, such as the OECD Guidelines, the ILO Conventions and the UN Global Compact, which must be signed by new contractors working with a Group company;
- ▶ a joint project with EcoVadis to conduct regular assessments of the social, environmental and ethical performance of its suppliers and subcontractors.

A map of the Group's risks associated with the activities of suppliers and subcontractors was defined in 2017 in developing its duty of care plan. This map has strengthened the Group's sustainable procurement strategy by identifying seven major procurement categories that are most likely to generate risks involving personal health and safety, human rights or the environment (see section 4.7.1 for further details on these seven procurement categories).

A.3 PERFORMANCE

Indicator	Unit	2018	2017	2016
Number of responsible supplier charters in force at year-end	No.	407	409	378
Number of suppliers and subcontractors assessed via the EcoVadis platform at 31 December	No.	316	288	238
Number of formal disputes involving discrimination	No.	12	6	6
Number of formal disputes involving forced labour	No.	5	0	0
Number of formal disputes involving child labour	No.	0	0	0

A number of formal disputes⁽¹⁾ involving discrimination, most of which involve an entity in the United States, were recorded in 2018. Of the six discrimination disputes, one was settled out of court; one was voluntarily dismissed by the former employee, and four of the

A.2 APPLICATION

The Group has used three indicators for several years to report any human rights violations in which one of its operating entities could be more or less indirectly involved. The number of formal disputes involving discrimination, forced labour and child labour was monitored to measure the maturity level of Group companies with respect to these issues.

Throughout the year, the Group's operating entities implemented their action plans designed to address their specific business concerns, based on the decisions made under the duty of care plan. They primarily focused on suppliers and subcontractors operating in procurement categories at the highest risk level and in countries considered to have the most exposure to CSR risks, and with which procurement spending was most significant.

Based on this ranking, nearly 40 suppliers were assessed in 2018 in partnership with EcoVadis.

At Lagardère Publishing, the suppliers assessed in 2018 operate in printing and wholesale accessories and household items.

For Lagardère Travel Retail, the priority category for assessment was suppliers of own-label products sold in stores. A few suppliers of food products were also assessed.

The Responsible Supplier Charter stipulates that the publisher can initiate compliance audits at the suppliers' and subcontractors' premises or at any of their production sites, with penalties applied for any infringement. Hachette Livre commissioned 12 such audits in 2018. Six audits validated compliance with the requirements, and four audits detected critical instances of non-compliance. Two new audits were conducted, and corrective actions were able to remedy the critical non-compliance detected for two of the four suppliers concerned. The other two suppliers are still being monitored.

cases are still under investigation. Of the five disputes concerning forced labour, two were settled out of court, one was decided in favour of the entity (the former employee's case was dismissed by the authorities with jurisdiction), and two are still under investigation.

4.3.4 FIGHTING CORRUPTION

Due to the broad diversity of its businesses and those of the outside organisations with which it deals, and its international operations and/or expansion in countries that may be less politically or legally stable, the Group is exposed to risks, especially relating to corruption (see section 3.1.4.1).

A.1 STRATEGY

The Group has adopted a zero tolerance policy in respect of corruption. This policy has taken shape in a special compliance programme that has been gradually implemented since 2013. The programme includes an anti-corruption policy applicable to all, and lays down the Group's ethical standards.

As such, the Group refuses to promise, offer, authorise, grant, solicit or accept illicit payments or other improper advantages with a view

(1) Formal dispute means any legal action or claim officially filed with any competent authority.

to winning or retaining a market, illegally influencing the decision-making process, abusing any real or supposed influence on a third party to obtain a favourable decision or any other undue advantage.

Overseen by the Group Compliance Department, this policy is applied through specific procedures that provide a framework for business activities deemed at risk and control processes to check that these procedures are followed.

A.2 APPLICATION

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It has been implemented gradually since 2013 and applied by the operating entities.

On the ground, Compliance Correspondents impart anti-corruption principles through training and provide operational staff with assistance and support in analysing risks, carrying out the necessary due diligence on future partners, and taking appropriate measures to prevent the occurrence of acts of corruption.

Managers and employees, trained in anti-corruption issues, are required to comply with applicable regulations and apply anti-corruption policy in their relations with all third parties, including

governments, government bodies, and public and private customers and suppliers.

Details of the measures undertaken in this area are described in section 3.2.6.5 – Description of internal control and risk management procedures – of this Reference Document, in the sub section on business ethics.

A.3 PERFORMANCE

Anti-corruption performance is monitored at several levels:

- ▶ Twice a year, the divisions prepare a dashboard which includes a progress report on the implementation of anti-corruption procedures, training provided and any incidents, as well as priorities set for the upcoming period;
- ▶ Any significant issues are reviewed by the Financial Committee and undergo specific analysis to measure compliance risks, including corruption risk;
- ▶ Internal control procedures cover compliance aspects;
- ▶ Finally, internal audit regularly checks the implementation of the anti-corruption programme at the different entities.

4.4 CSR, MONITORING OF OTHER INFORMATION

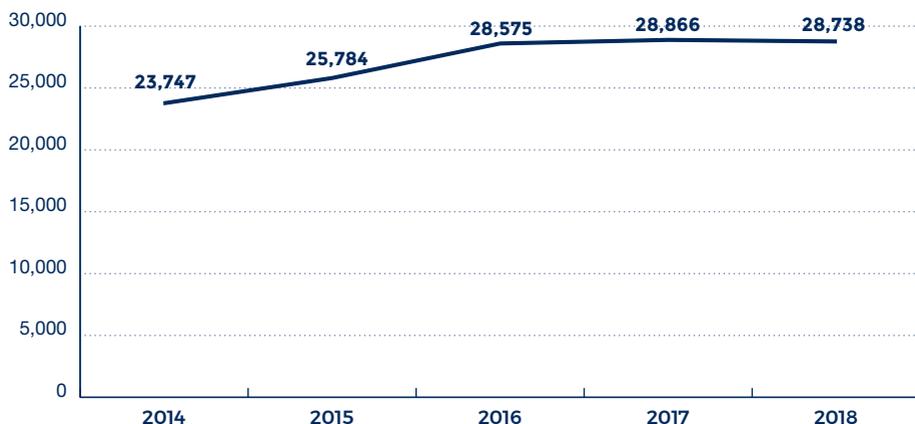
AFR

In addition to the information provided for the risk analysis, the section below covers the social, environmental and societal information that the Group believes is important to monitor as part of its CSR policy.

4.4.1 SOCIAL INFORMATION

A.1 WORKFORCE

Changes in permanent workforce at 31 December 2018⁽¹⁾



Workforce by division at 31 December 2018

Division	Women	Men	Total	2017/2018 change
Lagardère Publishing	4,202	2,766	6,968	1.32%
Lagardère Travel Retail	12,416	5,892	18,308	6.23%
Lagardère Sports and Entertainment	528	969	1,497	4.61%
Lagardère Active	1,035	799	1,834	-42.81%
Other Activities	72	59	131	-3.68%
Group total 2018	18,253	10,485	28,738	-0.51%

The main changes between 2017 and 2018 include:

- ▶ **Lagardère Publishing:** the slight increase in headcount is attributable to organic growth which reflects the strong business performance recorded by the division across all territories in 2018.
- ▶ **Lagardère Travel Retail:** the increase in the workforce stems from organic growth and business expansion (particularly Foodservice and Duty Free) in France, Europe and Asia.
- ▶ **Lagardère Sports and Entertainment:** this division saw a very slight increase in headcount resulting from the strength of its activities in Europe.
- ▶ **Lagardère Active:** the significant drop in headcount is due to the strategic refocusing plan announced and initiated by the Group in 2018.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) Permanent workforce numbers set out here correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned. As employee turnover is high, particularly in Travel Retail, a consistent definition cannot be applied over time to determine the number of employees. This figure reflects some degree of uncertainty (about 3%) despite the checks performed.

Permanent workforce by age group

Division	Under 30	Age 31-40	Age 41-50	Age 51-60	Over 60	Total
Lagardère Publishing	1,343	1,916	1,893	1,476	340	6,968
Lagardère Travel Retail	6,159	4,795	3,563	2,697	1,094	18,308
Lagardère Sports and Entertainment	442	559	326	131	39	1,497
Lagardère Active	222	522	617	430	43	1,834
Other Activities	27	30	36	31	7	131
Group	8,193	7,822	6,435	4,765	1,523	28,738
Percentage	56%		23%	21%		

A.2 SOCIAL DIALOGUE

Labour relations are an essential part of the Lagardère group's human resources policy, based on the acknowledged principle of maintaining a balance between economic and labour priorities, at all levels of the organisation (entities, divisions and Group).

The Lagardère group has freely elected independent employee representatives through whom it can regularly discuss labour issues that have an impact on employment such as working conditions and restructuring.

In all countries, Lagardère complies with rules entitling employees to form their own representative bodies.

As such, the Lagardère group works to apply and promote the ILO's fundamental principles on the freedom of association and the effective recognition of the right to collective bargaining.

In terms of labour relations, although it practices a policy of independence for its business lines, the Group also promotes cooperation and dialogue with employee representative bodies and between the various subsidiaries in France and the rest of the world.

Two committees have been set up to this end: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002.

These two bodies have regular exchanges with Management about the key priorities and changes necessary for the Group's business activities.

The Group Employees' Committee comprises 30 employee members who represent the employees of the Lagardère group's French operations.

The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe. Since the committee was renewed in July 2017, French employees hold 12 seats and the remaining 18 seats are held by representatives from ten other European countries – Austria, Bulgaria, the Czech Republic, Germany, Italy, the Netherlands, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting.

In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation so requires.

Collective agreements and employee representation

Indicator	Unit	2018	2017	2016
Collective agreements in place at 31 December	No.	488	537	660
Collective agreements signed during the year	No.	108	94	80
Proportion of workforce covered by employee representation at 31 December	%	68	71	70

Percentage of the workforce covered by collective agreements, by type

Type of agreement	Gender balance	Hygiene, safety, working conditions	Integration of employees with a disability	Employee welfare benefits	Working hours	Training	Remuneration
Group total 2018	50%	44%	32%	57%	82%	31%	77%
Group total 2017	51%	55%	50%	67%	79%	29%	75%

A.3 Organisation of working hours

Group entities have set up work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment. This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Lagardère group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Due to the nature of its press, audiovisual and live entertainment production activities, the Lagardère group calls on the services of specific types of employees, namely freelance journalists, entertainment workers, and other contract employees such as proof readers and events and hospitality staff.

Calculated on a full-time equivalent (FTE⁽¹⁾) basis, the total number of non-permanent, contract and temporary workers stood at 13.4% of the Lagardère group's total FTE workforce in 2018, compared with 11.8% in 2017.

Employees on fixed-term contracts⁽²⁾ (Full-Time Equivalent basis)

Division	2018	2017
Lagardère Publishing	297	379
Lagardère Travel Retail	2,483	1,906
Lagardère Sports and Entertainment	443	406
Lagardère Active	261	304
Other Activities	2	4
Group	3,486	2,999

Contract employees⁽³⁾ (Full-Time Equivalent basis)

Division	2018	2017
Lagardère Publishing	86	94
Lagardère Travel Retail	39	38
Lagardère Sports and Entertainment	43	52
Lagardère Active	1,132	1,190
Other Activities	23	2
Group	1,323	1,375

Number of temporary hours⁽⁴⁾ worked during the year on a Full-Time Equivalent basis

Division	2018	2017
Lagardère Publishing	629	586
Lagardère Travel Retail	182	86
Lagardère Sports and Entertainment	14	46
Lagardère Active	66	16
Other Activities	0	0
Group	891	734

(1) The FTE figure is obtained by adding together all the employees who worked for the Group during the year, based on their standard working hours and the hours they actually worked over the twelve-month period. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x 0.50). This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this occupational group.

(2) Non-permanent employees = employees on fixed-term contracts.

(3) Contract employees alternate between periods worked and periods not worked to meet the company's specific requirements.

(4) The number of temporary hours worked includes the use of employees from temporary employment agencies. Temporary employees sign a contract under which they provide their services for a fixed period, which is invoiced to the entity. The individual is not registered in the entity's payroll and is paid by the temporary employment agency.

A.4 HEALTH AND SAFETY

Lagardère's business activities are mainly concentrated in the services sector, which has low exposure to health and safety risks. However, entities with logistics and distribution activities have a greater "safety culture" than other Group companies.

Each division implements a policy of reducing health and occupational risks through preventive action and training.

In terms of safety, the Lagardère group closely monitors the indicators covering work-related accidents, which are presented below.

Number of work accidents and days' absence due to sick leave

Division	Number of accidents	Number of days' absence due to sick leave
Lagardère Publishing	104	3,093
Lagardère Travel Retail	518	16,658
Lagardère Sports and Entertainment	32	1,253
Lagardère Active	16	772
Group total 2018	670	21,776
Group total 2017	667	23,928

Frequency and severity rate⁽¹⁾ and lost time⁽²⁾ due to work accidents

Division	Frequency rate and change		Severity rate and change		Lost time rate and change	
	Rate	Change	Rate	Change	Rate	Change
Lagardère Publishing	9.43	↓	0.28	↓	0.19%	↓
Lagardère Travel Retail	18.70	→	0.60	→	0.41%	↓
Lagardère Sports and Entertainment	14.28	↑	0.34	↓	0.38%	↑
Lagardère Active	4.29	↑	0.21	↑	0.14%	↑
Group total 2018	14.92	↑	0.48	↓	0.33%	↓

Social dialogue and health and safety

Indicator	Unit	2018	2017	2016
Percentage of the workforce at an entity with a health and safety committee	%	91	86	91
Percentage of the workforce at an entity with regular health monitoring	%	68	73	69
Percentage of training hours dedicated to health and safety	%	13	11	11

(1) Frequency rate = (number of work accidents resulting in lost time x 1,000,000)/number of hours worked. Severity rate = (number of days of lost time x 1,000)/number of hours worked.

(2) Lost time = (number of days absence x average number of hours worked per day)/(number of permanent FTEs over the year x average number of hours worked per year).

4.4.2 SOCIETAL INFORMATION

A.1 STRATEGY

The Group's philanthropic strategy is essentially channelled into two Foundations: the Jean-Luc Lagardère Foundation and the Elle Foundation, which are focused on different yet complementary challenges, and are very much in tune with the Lagardère group's activities. The Lagardère group is also keen for its two Foundations to encourage its employees to get involved in their community.

The Group's social involvement in the culture and sport domains is mainly encompassed by the Jean-Luc Lagardère Foundation, which was created in 1989 under the auspices of the Fondation de France. It was set up to implement Lagardère's commitment to culture, community, youth and sport, and develops a number of programmes to promote cultural diversity, encourage creation and promote access to education and culture for all.

The Elle Foundation, a corporate foundation set up by the Lagardère Active division in 2004 and run by *Elle* magazine, is committed to defending the place of women and their right to flourish and assert themselves in society. The Foundation promotes the idea that by educating girls on equal terms to boys, societies can establish the conditions for progress. The Foundation also aims to involve employees in its projects and keep them informed of its activities.

The programmes developed by the Foundations and implemented at business divisions therefore address numerous Sustainable Development Goals, namely 1 to 5, 8 to 12 and 16.

A.2 DEPLOYMENT AND PERFORMANCE

THE JEAN-LUC LAGARDÈRE FOUNDATION

At the heart of the Lagardère group's commitment to the creation of culture lies the prestigious awards it presents to talented young people under the age of 30 (or under 35 for certain categories) in the culture and media domains. Prizes are awarded by prestigious juries in 11 categories: Writer, Film Producer, Television Scriptwriter, Musician (Modern music, Jazz and Classical music), Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist.

Since the Jean-Luc Lagardère Foundation Awards was created in 1990, 307 prize-winners (19 in 2018) have received a total of €6,400,000 including €255,000 awarded in 2018.

Subsequently the winners regularly participate in other programmes run by the Foundation, as demonstrated by the three examples below:

- ▶ as part of its partnership with the French Academy in Rome, Villa Medici, three of the Foundation's prize-winners were hosted for a one-month residency in 2018;
- ▶ as a result of the Foundation's collaboration with the Studio 13/16 cultural programme at the Pompidou Centre (targeted at adolescents), three winners of the Foundation's *Bourse Scénariste TV* (television scriptwriter award) participated in a programme dedicated to television series. They were given free rein in designing workshops where they could share their love for writing and introduce teens to the creative process in developing a series;
- ▶ lastly, four winners of the *Bourse Écrivain* (writer's award) visited prisons to talk to the inmates about their books during meetings organised by the *Lire pour en Sortir* (Read for Release) organisation, which is supported by the Foundation.

The Foundation also continued its efforts to **promote literature and cultural diversity** in 2018 by supporting two new literary events at the Institut du Monde Arabe (IMA). One event, entitled *An hour with...*, spotlights an Arabic or French language author

every Saturday afternoon to discuss the Arab world and the latest in Arabic literature. This event follows on from the collaboration that has united the Foundation and the IMA for many years in supporting the Prize for Arabic Fiction.

- ▶ The Prize for Arabic Fiction – jointly created in 2013 by the Foundation and the IMA, and the only French award to recognise Arabic creative writing – was awarded British-Egyptian author Omar Robert Hamilton for his novel *The City Always Wins*, published by Gallimard under its *Du monde entier* collection and translated from English into French by Sarah Gurcel.

The Foundation continued to honour its commitment to promote **access to culture for all** in 2018, through two partnerships:

- ▶ the Divertimento orchestra and its academy, which supports hundreds of young beginners (mainly from priority education zones), as well as professionals, (as they discover the symphonic orchestra;
- ▶ support for the sixth edition of the Jules Rimet award, which promotes sporting fiction (2018 prize awarded to Jean Hatzfeld for his book *Deux mètres dix*, published by Gallimard), organises writing workshops led by writers to get young people in football clubs interested in reading and writing and keep their marks up in school. After Red Star and Olympique Lyonnais, these workshops took place at Olympique de Marseille football club in 2018.

Lastly, the Foundation's support for the education and promotion of sport and its values went this year to the *Allez les Filles* sports initiation programme, run by the Paris Saint-Germain Foundation and its endowment fund. Each year the scheme enables around 20 girls, aged 10 to 12, to discover a range of sporting and cultural activities. Three of the Jean-Luc Lagardère Foundation's partner institutions (Pompidou Centre, Institut du Monde Arabe and Divertimento Symphony Orchestra) also opened their doors to these youngsters in 2018.

The Foundation continued its partnership in 2018 with Sciences Po, which offers adaptable educational programmes for high-level athletes, thus giving them access to top-quality academic training that is suited to the demands of practising sport at a very high level. Since 2007, 123 students have participated in this programme. Between 2007 and 2018, 24 students enrolled in the Master's programmes at Sciences Po and 26 professional certificates were delivered.

In terms of employee commitment, since 2014 the Jean-Luc Lagardère Foundation has presented between one and three annual solidarity awards (€10,000 each) to community projects sponsored by Lagardère group employees. Two awards were handed out in 2018. The first went to *SOS Les Enfants D'Abord*, presented by a Lagardère Studios employee. The charity organisation will use the funds to build and equip a preschool classroom in Cameroon. The second award was delivered to *En avant toute(s)*, sponsored by a journalist from Europe 1. The organisation supports young women who have experienced violence by providing a free and confidential online chat service where they can talk with professionals.

Since 2016, Lagardère group employees have had been able to vote online to select the winning projects via the Group's intranet.

THE ELLE FOUNDATION

In 2018, the Foundation continued its involvement in supporting access to education and the emancipation of women in France and worldwide. A key project is with the international solidarity NGO European Institute for Cooperation and Development (*Institut européen de coopération et de développement – IECD*) to provide

young Egyptians in the region of Cairo and Alexandria with training in energy and electricity. In three years, the project is expected to benefit 500 female students.

For the 14th edition of Elle Solidarité Mode in 2018, the Foundation again helped three young women study fashion by financing their education at top schools in Paris – *Ecole supérieure des arts et techniques de la mode (ESMOD)*, *École de la Chambre Syndicale de la Couture Parisienne* and *Studio Berçot* – in partnership with Amazon Mode.

In 2018, the Elle Foundation teamed up with other organisations for a worthy cause, renewing its partnership with the production studio Imagissime (subsidiary of Lagardère Studios), France Télévisions and 11 foundations to co-build the programme *ELLES ont toutes une histoire* (They All Have a Story). This third edition in 2018 was dedicated to women around the world and the work that remains on the path to achieving equality.

INDIVIDUAL BUSINESS DIVISIONS

Beyond the actions carried out by its Foundations, the Lagardère group carries a responsibility to the community and to society at large through its range of brands. Lagardère works to foster social cohesion by promoting culture, sport, the education and emancipation of women and girls, accessibility of content and freedom of expression through its many partnership and sponsorship operations. The Group's various entities and divisions also supported

a large number of worthy causes over the course of 2018, in all the areas mentioned above, as well as in others, in the form of partnerships, charity events, prizes, competitions and donations. The examples below are not provided as a complete list or to represent the range of actions taken at all of the Group's operating entities and in the countries where it operates.

Hachette Livre's Charitable Action Committee aims to offer funding to organisations supported by employees and focused on the following themes: assisting disadvantaged people and people in distress, integration, insertion, education, helping lonely or disabled people, combating illiteracy, environmental protection and rehabilitation, or more generally, any charitable or environmental cause. Consequently, ten organisations received €39,560 worth of funding in 2018.

Lagardère Travel Retail in France continued its partnership with Action Against Hunger (*Action contre la faim*) in 2018. Over €340,000 was collected through the store network and the involvement of employees in the organisation's sports fundraiser challenge. Also in France, the division donated €300,000 in advertising space to Reporters Without Borders and Libraries Without Borders (*Bibliothèques Sans Frontières*).

The Group and its divisions also supported the promotion of young external talent in areas close to Lagardère's activities by organising a number of competitions or awards to honour young journalists, writers, animation artists, musicians, photographers, and so on.

4.4.3 ENVIRONMENTAL INFORMATION

A.1 ENERGY CONSUMPTION AND CO₂ EMISSIONS (SCOPES 1 AND 2)

The consumption shown in the table below covers all the activities of the Lagardère group.

The data take into account the direct (Scope 1) and indirect (Scope 2) energy consumption of all the offices, points of sale, stores, warehouses, server rooms, radio broadcasting sites, performance venues, sports academies and stadiums used for all the Group's activities in all the regions indicated above.

For Lagardère Travel Retail, there is some uncertainty over the exact amount of consumption. The division operates more than 4,600 points of sale worldwide and doesn't always have access to energy bills detailing the consumption of each point of sale, as energy costs are often included in the charges paid to licensors (airport/station owners). As a result, the operating staff responsible for reporting the consumption data for the store network operated in each region sometimes have to resort to making estimates using average kWh/m²/month data based on the surface area and nature of the point of sale.

The Group's tertiary energy consumption, worldwide (in GWh)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2018	20	35	55
	2017	21	37	58
Lagardère Travel Retail	2018	13	193	206
	2017	13	191	204
Lagardère Sports and Entertainment	2018	8	10	18
	2017	8	11	19
Lagardère Active	2018	2	15	17
	2017	3	18	21
Other Activities	2018	0	1	1
	2017	0	1	1
Total	2018	43	254	297
	2017	45	258	302

The Group's GHG emissions, worldwide (in tCO₂e)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2018	4,718	10,029	14,747
	2017	5,197	11,326	16,523
Lagardère Travel Retail	2018	3,127	80,474	83,601
	2017	3,023	81,674	84,697
Lagardère Sports and Entertainment	2018	1,784	2,142	3,926
	2017	1,718	2,331	4,049
Lagardère Active	2018	449	2,991	3,440
	2017	616	4,503	5,119
Other Activities	2018	0	118	118
	2017	0	137	137
Total	2018	10,078	95,754	105,832
	2017	10,554	99,971	110,525

In general, the changes in reported energy consumption and greenhouse gas emissions, depending on the division and type of energy, reflected:

- ▶ changes in organisational structure, with new entities and/or new buildings entering the environmental reporting scope;
- ▶ a better understanding within an entity of the various sources of energy consumption;
- ▶ internal organisational changes (often due to refurbishment or renovation works) that may be temporary or permanent, and lead to increases or decreases in energy consumption;
- ▶ a change in the emissions factors used to convert energy into CO₂.

A.2 WATER CONSUMPTION

Lagardère Publishing and Lagardère Active fully understand that paper production by definition uses large amounts of water. As such, they carefully monitor how their paper suppliers and printers optimise water consumption and the return of unpolluted water to the environment.

Several initiatives (closed loop recycling, isolation transformers) have been taken by the main paper suppliers, resulting in marked progress over the past ten years. The total amount of water used in the paper manufacturing process has been substantially reduced, now standing at nearly half the amount recorded around 15 years ago. By continuously improving their paper manufacturing processes, paper suppliers also recycle most of their wastewater and release clean water back into their natural environment.

Printers have also taken an active approach to limiting water consumption and use all the advanced technology available to them (especially in closed loop rinse water systems) to reduce their consumption and return clean water to the environment.

To maintain transparency, the Lagardère group monitors its tertiary water consumption along with that of certain partners. This refers to the amount of water used at all types of physical sites where employees from the different divisions work (offices, warehouses, retail stores, sports training academies etc.). The table below shows the amount of water used at each division worldwide in 2018.

The Group's water consumption (cu.m)

Division	Year	Water (cu.m)
Lagardère Publishing	2018	68,143
	2017	58,746
Lagardère Travel Retail	2018	417,411
	2017	448,369
Lagardère Sports and Entertainment	2018	90,095
	2017	87,297
Lagardère Active	2018	18,889
	2017	39,038
Total	2018	594,538
	2017	633,450

4.5 CSR METHODOLOGY AND SCOPE

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4.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries⁽¹⁾ whose operations are managed by the Group, with the exception of equity-accounted companies:

- ▶ entities that were disposed of or deconsolidated during the fiscal year;
- ▶ entities acquired during the year (after 30 June), for which the reporting system will be implemented gradually as they are integrated into the Group (provided that the division wants to immediately include the newly-acquired companies in the reporting system);
- ▶ entities that meet a size requirement.

Beyond these four parameters, the decision to include entities in the reporting system is left, to a certain extent, to the discretion of the divisions which are better placed to assess whether it is relevant from an operating perspective. The following exclusions were made from the reporting scope in 2018:

- ▶ Éditions La Plage (Lagardère Publishing, France) was excluded from the scope of social and environmental reporting;
- ▶ Hojeij Branded Foods (Lagardère Travel Retail, United States) was excluded from the scope of social and environmental reporting;
- ▶ Skyhigh TV And Aito Media Group (Lagardère Active, Netherlands and Finland) were excluded from the scope of environmental reporting.

Social, environmental and societal information presented in this document is reported using a dedicated software package, which covered a total of more than 300 Group operating companies in 2018.

Taking the global footprint into account, after the exclusions listed above, the information on energy consumption and greenhouse gas emissions encompasses 99% of the Group's workforce at 31 December 2018.

4.5.2 REFERENCE BASE FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. After an initial update in 2006, the reference base was revised again in 2010, to redefine the reporting base for indicators. This redefinition, which was more in line with the spirit of the GRI, provided an opportunity to streamline the reference base and make it more accessible to contributors.

The reference base for social indicators was reviewed in detail in 2012 in order to make it easier to understand for contributors and more relevant as regards the Group's divisions and activities, and to take into account the provisions of the implementing order of article 225 of France's Grenelle 2 law.

As is the case each year, the social reporting procedure was updated in 2018.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2012, specific work was carried out on the reference base for environmental indicators in order to simplify it and make it more reliable, and most importantly to make it more relevant in view of the Group's many activities. The environmental reporting guidelines were also updated in 2013, with a particular focus on harmonising the methods used for calculating the proportions of certified and recycled paper contained in the paper purchased by Lagardère Publishing and Lagardère Active.

As is the case each year, the environmental reporting procedure was updated in 2018.

Data on energy consumption disclosed therefore concern the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Lagardère group's employees work in France (offices, storage warehouses and retail stores). Data on

Lagardère Active's electricity consumption also includes electricity used by the radio broadcasting sites that are directly managed by the Group. Starting in 2015, all this information is reported on a per-building basis. With regards to Lagardère Travel Retail's store network, a common reporting line is defined at the level of each country to gather data on electricity consumption (as well as oil and gas, where applicable) for all points of sale to be consolidated on a country-by-country basis. The greenhouse gas emissions data shown only concerns the above-mentioned energy consumption. The emissions are specified for each type of energy consumed (gas, oil, electricity, district heating) and then grouped together by "Scope", i.e., by category of emissions.

Scope 1 includes direct greenhouse gas emissions, and notably direct emissions from fixed sources of combustion (oil and gas).

Scope 2 comprises indirect emissions related to purchases of energy, and notably consumption of electricity and district heating.

The emissions factors used by the Group in its calculations of greenhouse gas emissions and conversion into CO₂ equivalents are determined by reference to the *Base Carbone*, the French public database of emissions factors needed to establish carbon accounting.

Greenhouse gas emissions are calculated directly by the Group Sustainable Development Department based on the energy data mentioned above and in accordance with the methodology set out in the environmental guidelines.

The reporting protocol for societal data, which is mainly based on qualitative questions, has been in place since 2015 and comprises around 15 indicators common to all of the Group's divisions and about 10 indicators specific to certain activities.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) The list is provided in note 38 to the consolidated financial statements in this Reference Document.

Generally speaking, the updates of reporting guidelines aim to simplify and facilitate the work of contributors.

The reporting method for social, environmental and societal data follows the same process. Data are entered by a contributor for each Group company included in the reporting scope. This information is then validated/verified by the subsidiary's Management (Human Resources Department or Finance Department) before being sent to the Group Sustainable Development Department, which checks the consistency of all the data reported.

Consistency checks aim to ensure the quality and fair presentation of the data reported and include a comparison with the data for previous periods, contributing to the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, to define clear parameters for the reporting process and to effectively factor in the international nature of its operations and activities (objectives that have been made easier to achieve since the reporting guidelines were put in place), a number of difficulties, which can create uncertainty, may arise during the reporting process:

- ▶ inaccurate assessments;
- ▶ calculation errors;
- ▶ poorly understood questions;
- ▶ data entry errors;
- ▶ problems defining an indicator;
- ▶ problems responding because of legal and/or political reasons.

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4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

AFR

Independent third-party's report on the consolidated non-financial statement presented in the management report

To the Shareholders,

In our quality as an independent third party, accredited by the COFRAC under number no. 3-1050 (whose scope is available at www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we hereby report to you on the consolidated non-financial statement for the year ended on the 31 December 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE ENTITY

Pursuant to legal and regulatory requirements, the managing partners are responsible for preparing the Statement including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Criteria"), the main elements of which are presented in the Statement and available on request from the entity's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system, including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- ▶ the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- ▶ the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks, hereinafter the "Information".

However, it is not our responsibility to comment on:

- ▶ the entity's compliance with other applicable legal and regulatory provisions, particularly the French duty of care law and anti-corruption and tax evasion legislation;
- ▶ the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF THE WORK

Our work described below has been performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance applicable in France to such engagements, as well as with the

international ISAE standard 3000 – Assurance engagements other than audits or reviews of historical financial information.

The work that we conducted allows us to assess the compliance of the Statement with regulatory provisions and the fairness of the information:

- ▶ we obtained an understanding of all of the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, where applicable, the impact of this activity on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- ▶ we assessed the suitability of the Criteria with respect to their relevance, completeness, reliability, neutrality and understandability with due consideration of industry best practices, where appropriate;
- ▶ we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code, as well as information regarding respect for human rights and the fight against corruption and tax evasion legislation;
- ▶ we verified that the Statement includes an explanation for the absence of the information required by paragraph 2 of III of article L. 225-102-1 of the French Commercial Code;
- ▶ we verified that the Statement presents the business model and the principal risks associated with the activity of all the entities included in the scope of consolidation, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and outcomes, including key performance indicators;
- ▶ we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- ▶ we assessed the process used to select and validate the principal risks;
- ▶ we asked about the existence of internal control and risk management procedures the entity has put in place;
- ▶ we assessed the consistency of the outcomes and the key performance indicators with respect to the principal risks and policies presented;
- ▶ we verified that the Statement includes a clear and reasoned explanation for the absence of a policy regarding one or more of those risks;
- ▶ we verified that the Statement covers the consolidated scope, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 of the French Commercial Code;
- ▶ we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the information;
- ▶ for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

- analytical procedures to verify the proper consolidation of the data collected and the consistency of their trends;
- substantive tests using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of operational scopes listed hereinafter: Hachette Livre (France), Hachette UK (United Kingdom), Lagardère Travel Retail (France), Duty Free Opérations (France) which cover between 18% and 44% of the consolidated data selected for these tests (18% of revenue, 23% of permanent workforce, 44% of paper purchased and supplied, 27% of tertiary energy consumption).

- ▶ we consulted documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered the most important presented in Appendix 1;
- ▶ we assessed the overall consistency of the Statement based on our knowledge of the entity.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry more extensive procedures.

MEANS AND RESOURCES

Our verification work mobilised the skills of three people and took place between July 2018 and March 2019 on a total duration of intervention of about seven weeks.

We conducted a dozen interviews with the persons responsible for the preparation of the Statement including, in particular, the Sustainable Development Department, the Risk and Internal Control Department, the Human Relations Department, the Communication Department and the Purchasing Department.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us not to believe that the consolidated non-financial statement complies with the applicable regulatory provisions and that the information, taken together, is fairly presented, in compliance with the Criteria.

COMMENT

Without qualifying our conclusion above and in compliance with the provisions of article A. 225-3 of the French Commercial Code, we have the following comment:

- ▶ Given the diversity of the Group's activities and its decentralised organisation, the deployment of some of the measures and key performance indicators (in particular concerning the respect for human rights topic) still needs to be further developed.

French language original signed at Paris-La Défense, on 19 March 2019

The independent third party

ERNST & YOUNG et Associés

Eric Duvaud	Jean-François Bélorgey
Partner, Sustainable Development	Partner

Appendix 1: Information considered the most important

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
The unsolicited departure rate in total and by geographic area The percentage of women among executives and managers The number of formal disputes involving discrimination	The internal talent management policy The place of women in the company and especially in executive positions The fight against stereotypes in relation to ethnic and social origins (analysis of recruitment procedures and training in decision-making bias)
Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
The percentage of certified and recycled paper The percentage of audited countries in food safety in the Foodservice business The tertiary energy consumption The CO ₂ emissions of scope 1 and 2 per euro of revenue	The policy of food safety and brand conformity of the Foodservice business (in particular the “Food Safety Guidelines” and the annual audit plan) The certified and recycled paper purchase process within Lagardère Publishing and Lagardère Active entities The analysis of significant sources of greenhouse gas emissions
Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
The air time allocated to women on Europe 1 and Virgin Radio The number of responsible supplier charters in force at year-end The number of suppliers and subcontractors assessed via the EcoVadis platform at 31 December The number of formal disputes involving forced labour and child labour	The actions of the entity Hachette Livre to promote freedom of expression and reading The actions in favour of parity and women’s representation within the Radio division The assessment process of environmental, social and ethical performance of suppliers and subcontractors The audit process of suppliers and subcontractors within the entity Hachette

4.7 IMPLEMENTATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

AFR

4.7.1 MAIN POINTS OF THE DUTY OF CARE PLAN

For more than 20 years, the Lagardère group has striven to carry out its businesses while strictly adhering to a certain number of universal principles. The Group's first Code of Ethics dates from 1994 and was subsequently revised in 2005, 2012 and 2016. This Code sets out a collection of guidelines on integrity and professional conduct for all the men and women that make up the Lagardère group. The issues of human rights and fundamental freedoms, and of the health and safety of people and the environment are integral to the principles covered by this Code.

A cross-disciplinary working group was set up in the second half of 2017 to prepare the Group's compliance with French law 2017-339 of 27 March 2017 on the duty of care for parent and contracting companies. Under the supervision of the Sustainable Development Department, this committee drew together representatives from all divisions, as well as representatives from the directly affected corporate departments, namely the Group's Purchasing and Real Estate Department, the Legal Department, the Compliance Department and the Risk and Internal Control Department.

The first step involved mapping out the risks linked to the Group's supply chain. At the end of this stage, seven procurement categories were identified as being most likely to lead to risks involving subcontractors or suppliers of the Lagardère group. The categories were printing activities and printing-related services, production of paper pulp, wholesale supply of accessories and household items, own-label products sold in the stores, disposable items used in restaurants, energy supply (electricity, gas, steam, air-conditioning), and production of plastics.

After the risk mapping process, the operating entities ranked suppliers in order of priority for their supplier assessment plan, which will be implemented over the next several years;

2018 was the first year in which the plan was rolled out.

Meanwhile, the Sustainable Development Department and Risk and Internal Control Department began collaborating more closely to identify potential non-financial risks caused by the Group's businesses, following the exact methodology used to map out risks at the Group level. The risk identification process is detailed in section 4.3.

4.7.2 MONITORING

All methods used to monitor measures taken in application of the duty of care can be found in the following sections of this Reference Document:

- ▶ regarding issues relating to respect for human rights and fundamental freedoms, see section 4.3.1.3 on access to and dissemination of education, culture and entertainment, and section 4.3.3 on the general strategy to address these issues;
- ▶ regarding issues relating to personal health and safety, see section 4.3.1.4 on the quality of products and services distributed and sold by the Group, and paragraph A.4 of section 4.4.1 on health and safety in the workplace;

- ▶ regarding environmental issues, see section 4.3.2.1 on the Group's paper procurement strategy and commitment to respect the environment and section 4.3.2.2 on energy and carbon impacts.

A set of indicators is used to assess the effectiveness of measures taken in each of these areas, some of which have been in place for many years.

The Group plans to implement a pilot whistleblowing procedure at one of its entities as of the spring of 2019.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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